# Reagan, While Praising Pact, Vows to Protect Contra Interests

By Scephen Engelberg
New York Times Service

WASHINGTON - President Ronald Reagan has expressed support for the preliminary peace pact reached by five Latin American nations, but he said "there is much work to be done by the parties

In a statement issued by the White House, Mr. Reagan declared that the United States intended to protect the interests of the Nicara-

Leaders of the insurgents, known as contras, have insisted that they take part in any talks. Nicaragua has rejected the idea, and the Central American agreement does not approvide a role for the contras in ase-fire negotiations.

Jim Wright of Texas, the House Democratic leader who offered a peace proposal earlier in the week with Mr. Reagan's backing, said Sunday that he supported Friday's

"I think it's the Guatemalan plan

said in an interview on an NBC peace process, while making it clear

but warn of obstacles. Page 3.

tral American plan."

Mr. Reagan's statement on Sat-urday noted that the contras wanted to participate in negotiations, hut offered no specific proposal for

Nonetheless, Mr. Reagan's statement struck a positive note, declar-ing the hope that the desire for peace expressed in the agreement would eventually become a reality m Central America

The president's statement was that has to prevail," Mr. Wright intended to show support for the

# **Chad Recaptures Town** And Libyans Retaliate

NDJAMENA, Chad - Chadian troops recaptured the town of Aozou in weekend fighting after 14 years of occupation by Libya but Colonel Moammar Gadhafi's air force retaliated within hours Sun-

The Chadian ambassador to France, Ahmed Allammi, said in Paris that the bombardments were intense, with the jets hitting Chadian positions at Aozou and elsewhere in the Tibesti mountains of

statements read over the radio Saturday night and Sunday, said the battle for Aozou began Saturday morning, when Chadian troops re-pulsed a Libyan attack at the oasis town of Bardai, 45 uniles (about 70

It said that the Libyans retreated tal of the Aozou strip, a disputed length of Sahara Desert believed

Chad, if it can bold the town, would have effective control of the Aozou strip although Libya maintains an air base in its own territory about 30 miles to the north that

TEL AVIV (Reuters) - Israeli helicopter gunships bombed on Sunday a headquarters of guerrillas connected to the radical pro-Iranian group Hezbollah, or Party of God, in southern Lebanon, an army spokesman said.

He said the bombs hit a building near Tibnin, north of Bint Jbail, that was used by guerrillas as a base from which to attack Israeli troops and militiamen of the Israeli-backed South Lebanon Army.



The Soviet Union's unfavorable trade balance

A Tamil protest held up the surrender of arms by rebels in Sri Lanka. ■ U.S. intelligence officers

War II, a historian says. Page 5. ■ Jean-Marie Le Pen, the National Front leader, has taken his message to French beaches to reach voters.

Peru's president said backlash from his bank nationalization plan could threaten his Page 11. government.

PERSONAL INVESTING In California, wine collectors can now be investors -- thanks to the state legislature. Page 7.

news program. "We never had the impression that we possessed the almighty wisdom to dictate in precise terms what arrangements should be made in Central Ameri-

Sandinists hall the agreemen

said, "President Reagan and I both emphasized that it must be a Cen-

resolving the issue.

day with heavy bombing attacks.

northwestern Chad. He gave no. word on casualties.
The Chadian government, in

kilometers) south of Accou.

rich in oil and minerals.

See CHAD, Page 6.

# Kiosk Israelis Bomb Lebanese Sites

The second secon

PAGE 15

FOR MORE

CLASSIFIEDS.

... 45 L. T. 1986



with the U.S. is behind Mr. Gorbachev's new export policy. Page 11.

CENERAL NEWS

izing businesses, stirring wide-spread opposition that led to the 1973 military coup in which Allen-Page 2. helped former Nazi collaborators enter Canada after World

fears that Chile's fragmented political parties will do no better this time around in a vote expected next year, make it unlikely that business leaders will emulate the strong BUSINESS/FINANCE stance against military government taken by some of their counterparts

that the administration has doubts about whether Nicaragua will fulfill its promises.

"There is hardly a choice," an administration official said. The plan is there. The question is how we attempt to avoid the dangers and take advantage of the opportu-

The official noted that the Cen-"From the very beginning," he reach agreement by farming out certain difficult questions to later foreign ministers' meetings or to

various commissions.

"That means a great deal of work remains to be done," be said. The agreement, reached by five Central American leaders in Guatemala City on Friday, differs significantly from the proposal issued Wednesday by the Reagan administration and Mr. Wright.

In particular, the Central American

In particular, the Central American plan appears to call for a ceasefire and a cutoff of aid to the contras within 90 days. Administration officials said the pact gives Nicara-gua until 1990 before it would be required to hold elections or stop

receiving Soviet aid.

The plan worked out by Mr. Wright and Mr. Resgan urges Nicaragus to set a timetable for elections and relinquish foreign sup-port within 60 days of a cease-fire. President Oscar Arias Sánchez of Costa Rica, appearing on the ABC network, expressed confidence Sunday that Nicaragua would ac-cept the agreement, although he noted that "for the first time in history we are asking a Marxist government to democratize, to become a phiralistic society in 90

days."
Several Reagan administration officials said that while they were skeptical about Managua's motives in signing the accord, they believed that the administration had no choice but to support the regional peace process in public.

An important reason, they said, was that Mr. Wright had taken the political initiative when he began reshaping an initial peace proposal tion with other congressional leaders and Central American officials. Mr. Reagan, they said, did not See REAGAN, Page 6



## Black South African Mineworkers Begin Strike

Workers leaving the Blyvoornitsig gold mine in Carletonville, South Africa, at the end of their shift. About 200,000 members of the National Union of Mineworkers, along with as many as 100,000 other mineworkers, were expected to join a strike that began Sunday night. Page 2.

# ment said that by Saturday night. U.S. Effort in Iran Included a Hostage Rescue Plan of Account the administrative capital of the state of the state

and Dan Morgan

Washington Post Service . WASHINGTON —A secret element in the first arms-for-hostages transaction with tran was a U.S. Israeli counteiterrorism operation m September 1985 that was designed to rescue any American hostages in Beirut who were not freed as a result of the arms shipment, according to sources and notes of

only American freed by pro-Iranian extremists in Lebanon after Israel delivered 508 U.S.-made TOW

By Shirley Christian

New York Times Service SANTIAGO — "Sometimes 1

mare." The banker's desires and

As General Augusto Pinochet,

ry of his coming to power, appar-

cauriously in public, a desire for

democracy. But they fear the kind

of political free-for-all that culmi-nated in 1970 with the election of

coalition ticket of Socialists and

While largely respecting civil lib-

erties, the Allende government

launched an aggressive campaign

of socialist efforts such as national-

Communists.

de was killed.

**Chileans Looking Twice** 

At Moves to Democracy

have a dream," a bank chairman three other military commanders, said recently, leaning back in his General Pinocher's plan to nomi-

chair. "It is that democracy returns nate himself is opposed by the oth-

to Chile, that I still have my car and er commanders, who want to put

house, my stock is secure and the up a civilian candidate to make

country takes off in fantastic devel- clear the transition to democracy.

opment — instead of the left bring-ing back another Allende night-essarily agree with the rightists,

concerns are shared by many Chil-ean businessmen and industrialists. The rightist parties range from two

71, approaches the 14th anniversa- cles for General Pinochet to old-

ently determined to stay on well into the 1990s, many Chileans are

into the 1990s, many Chileans are would like competitive elections in-expressing in private, and more stead of a plebiscite.

Salvador Allende as president on a impressive exports and with inter-

antitank missiles to Iran. The rescue never took place because the U.S.-Israeli team in Beirut could not locate the other hostages. The episode laid the ground-

The Western powers barred a number of Iranian officials from West Berlin. Page 6.

work, however, for covert U.S.-lsracli projects against terrorism. These joint activities were mennoned in the recently concluded The Reverend Benjamin Weir, congressional hearings into the released Sept. 14, 1985, was the Iran arms sales and diversion of profits to the Nicaraguan rebels. but have never been publicly ex-

ed next year, with a single candi-

date to be nominated by the gener-al, who is head of the army, and the

whose parties have the backing of

that were formed as campaign vehi-

line, conservative democratic par-

With the economy rapidly recov-

ering from the recession of 1982-83,

most business leaders are preoccu-

nal expansion. Ernesto Ayala, pres-

head of Paper & Carton Manufac-

turing Co., a major company, said

the primary concern was that free-

See CHILE, Page 6

ident of the Society of Industry and

pied with increasing their already

In late August 1985, after Israel formation supplied by Secretary of known to all the top U.S. national had shipped the first 100 TOWs to State George P. Shultz to the spe-security officials, according to ver L North, the council's expert on counterterrorism. The operation was in cooperation with Amiram Nir, special adviser on terrorism for Prime Minister Shimon Peres of

The U.S. ambassador in Beirut seven hostages," according to in- Iran-contra hearings, but it was

New 'Football'

In Old London

Eric Dickerson broke

the Denver Broncos to

who won the American

the score of 28-27. The

tween teams of the Na-

League in the United States, was played in

Wembley Stadium be-

72,786. Story, Page 17.

out of the grasp of

Vince Newsome of

score the first touchdown Sunday for the

Los Angeles Rams,

Bowl in London by

annual game, be-

tional Football

fore a crowd of

Council staff arranged for the State John G. Tower. The ambassador Department to issue an "alias pass- said he was told that a U.S. team

connect the operation with the director of central intelligence.

reported on Sept. 4, 1985, that
"North was handling an operation September 1985 arms shipment that would lead to the release of all was not investigated during the

Iran and set the stage for a hostage cial review board on the Iran-con-sources and State Department release, the U.S. National Security tra affair led by former Senator notes.

On Sept. 17, 1985, according to port" in the name of "William P. had been deployed to Beirut, acties" were discussed by Robert C. Goode" to Lieutenant Colonel Olicording to Mr. Shultz's testimony. McFarlane, then national security In its report, the Tower board adviser and Colonel North's boss, cited Mr. Shultz's testimony but at a luncheon with Mr. Shultz, Dedid not reveal anything further fense Secretary Caspar W. Weinabout the operation. Nor did it berger and William J. Casey, then

Mr. McFarlane did not mention the TOW shipment at the luncheon, according to the notes. A source familiar with the notes said See RESCUE, Page 6

# Allies Providing **Quiet Support to** Mission in Gulf, Weinberger Says

WASHINGTON — Defense Secretary Caspar W. Weinberger said Sunday that U.S. allies were quietly supporting the intensified U.S. Navy presence in the Gulf, and he confirmed that new minesweeping efforts had turned up mines.

Mr. Weinberger, appearing on a CBS television program, also denied Iranian allegations that the United States was to blame for rioting July 31 in Mecca, Saudi Arabia, in which more than 400 people died.

Its Responses

To Any Raid

By Richard Halloran New York Times Service
WASHINGTON — Although

Secretary of State George P. Shultz

has asserted that the United States

can avoid hostilities in the Gulf,

specialists on the region and senior

In a news conference Thursday

Mr. Shultz said, "I don't think

there is any prospect at all that we will be drawn into a shooting war."

The same day, however, the as-

sistant secretary of state for Near

Eastern and South Asian affairs, Richard W. Murphy, said tensions were "perhaps higher than they have been for the last few years."

"One way that Iran could strike out is through international terror-ism." Mr. Murphy said.

Military officers, echoing the

chairman of the Joint Chiefs of

Staff, Admiral William J. Crowe

Jr., said the American presence in the Gulf was "not risk-free."

varied, as are the chances for suc-

cess of the U.S. forces in the Gulf

Some missions seem possible but others are more difficult, for tactical, diplomatic and domestic politi-

Should Iran openly attack a tanker flying an American flag, a

U.S. warship or a U.S. embassy in

the region, retaliation could be

swift, given the fact that the United

States will soon have 24 vessels and

An air strike could come from

the carrier Constellation in the

Arabian Sea, just outside the Gulf.

bombers flown from Guam and re-

fueled on the island of Diego Gar-

cia, 2,000 miles (3,200 kilometers)

East task force could fire on Irani-

Eight warships in the Middle

away in the Indian Ocean.

It could also be mounted by B-52

15,000 men in the region.

cal reasons.

The possibilities for combat are

military officers are not so sure.

By Iranians

In the Gulf, three Kuwaiti tankers and three U.S. Navy escort vessels on a new convoy mission sailed past the point where the tanker Bridgeton hit a mine last month and began the final stretch to Kuwait, ship U.S. Ponders

ping sources said.

The sources said the convoy, which left the Gulf of Oman unexpectedly Saturday, was expected to complete its 550-mile (900-kilometer) journey to Kuwait early Mon-

At sunset the convoy passed west of Farsi island, where Iranian revolutionary guards have a base and where the Bridgeton struck a mine July 24, the sources said.

No incidents were reported as the ships followed the oil tanker Sea fsle City, which is being used as a makeshift minesweeper.

The 81,000-ion Sea Isle City; its sister tanker, the 80,000-ton Ocean City; and the 47,000-ton liquid petroleum carrier Gas King were able to travel in shallow waters west of the Farsi channel. The shallow waers are not navigable hy the 400,000-ton Bridgeton.

The convoy was the second since the United States began escorting Kuwaiti tankers carrying the U.S. flag last month.

On the television program, Mr. Weinberger said: "Rumors that our allies are not behind us are not correct. These rumors float around

"We are getting a substantial amount of help from our allied friends in the area," he said, al-though he declined to elaborate, saying that would "convey information to an enemy who is not all that rational.". . .

Britain, France, Italy, West Germany and the Netherlands have turned down in recent days U.S. requests to provide mineswe or other naval support for the U.S. convoys.

The defense secretary denied reports that Kuwait had refused to allow U.S. belicopters to use its

"We're not there to provoke anybody," Mr. Weinberger said of the U.S. escort missions, and he ac-cused the Iranians of "typical, hys-

terical foamings of the mouth. Appearing before Mr. Weinberger on the news program was Said Rajaie-Khorassani, Iran's ambassador to the United Nations. He said that Iran had seeded the Gulf with mines as "a part of our defen-See CONVOY, Page 6

See OPTIONS, Page 6 Soviet Is Said To Deploy Rail Missile

> By R. Jeffrey Smith Washington Post Service
> WASHINGTON — The Soviet Union is believed to have started deploying the world's first strategic nuclear missile able to be launched from railroad cars, according to

The missile, known in the West as the SSX-24, can be moved on vast portions of the Soviet rail system to elude U.S. monitoring and attack, officials said, potentially complicating future efforts to veri-fy Soviet compliance with arms control treaties.

Deployment of the missile on railroad cars has long been expect-ed by the U.S. intelligence community. Some Reagan administration officials have criticized it as a potentially destabilizing development in the arms race, although independent experts have disagreed.

U.S. officials agreed that the SSX-24 missiles had been moved on rail cars from the factory where they were produced, but they disagreed about whether the missiles had yet become fully operational.

The development of the missile has been praised by some U.S. arms control experts, who argue that both sides benefit hy having nuclear forces that are hard to target in a first strike.

U.S. confirmation of the deployment came Friday afternoon in response to a statement on the Senate floor by Senator Jesse Helms, Republican of North Carolina, asserting that Moscow had violated a key provision of the unratified 1979 Strategie Arms Limitation Treaty

by deploying the missiles. U.S. officials said that the White House had distributed a directive suggesting that reporters be told that the Helms assertion was "es-See ARMS, Page 6

# The Big Guns of August: Paris Media Moguls Stay and Work Vivid memories of that era, and Vivid memories of that era, and delicious in August Now the movers and Labro, a quintessential media man who is a way of contrast, Liberation simply shut

International Herald Tribune shakers have declared that in August Paris is journalist, novelist, filmmaker and director down in August as if it were a car factory).

PARIS—The tradition is nearly as old as the place. It's not that nobody's in town of news and emertainment for RTL. "If you Philippe Labro was away in July, except for a

elsewhere in Latin America. Most Chilean business people neither totally reject General Prochet nor 15, the city's torpor is annually immortalized 15, the city's torpor is annually immortalized 15.

the paid vacation, or congé payé. In August anymore but that the nobodies have left have 150 important media people in Paris in hop to Paris to he seen at the president of the August, those people are going to make republic's traditional July 14 reception. iron shutters pulled down. The exodus be- Those who remain are media men and damn sure that their newspapers and pro-

As part of a phased return to democracy under the 1980 Chilean Constitution, a plebiscite is expect—

But the tradition is changing. For years a deemably in.

But the tradition is changing. For years a deemably in.

September, those who leave in August are back by mid-month at the latest few people have rejoiced in, and kept quiet about, the fact that Paris is at its most everything is with the French," says Philippe eration will be back on Aug. 15. In 1973, by

See PARIS, Page 6

For trend-setters the pleasure of Paris in

tarry regect Centeral Finodata and strongly support his desire for another eight-year term.

As part of a phased return to

10, the city's torpoor is annually imminutaneous for a Place de la Concorde due. As a group these somebodies have the most offer that what they do is irreducing the return to the region of a phased return t

By Mary Blume

the sidewalks of Paris are rolled up and the town.

17 18

20 22 24

25 26

28 29



You voted for policies of the right but what you got were policies of the

— Jean-Marie Le Pen

By Julian Nundy mul Herold Tribune

this Breton fishing port in the early morn-course, immigration. ing. By mid-afternoon, the big top was ready and the refreshment stand was stocked with drinks and snacks.

crowd of more than 2,000 until the music small Breton communities where druids a parallel with Europe. around 20 percent next spring, although switched abruptly to "Va Pensiero" out of once held sway.

That evening, he told his audience that, some of his aides talk in terms of 15 percent switched abruptly to "Va Pensiero" out of once held sway.

Verdi's "Nahucco." It is a rousing chorus

During the tri

As the chorus rose to its crescendo, lights turned on the entrance of the tent and, to a standing ovation, in marched the star of words. the show: Jean-Marie Le Pen the leader of France's far-right, anti-immigration Na-

ft was Mr. Le Pen's 14th appearance in what he calls his "beaches tour." a round of political meetings at France's major resorts to catch voters during their summer vaca-

ing the words "I Love Le Pen," or "Go 10 it, Jean-Marie." A plane flew overhead dragging a streamer to advertise the meet-

The tour, effectively the first shot in the campaign for the May 1988 presidential election, has had its fair share of mishaps since it began in Ajaccio, Corsica, on July 15. But, in La Trinité-sur-Mer, Mr. Le Pen's home town, it was an unqualified if predictable success. Mr. Le Pen, 59, dressed in an open-

necked white shirt and white summer

occupy him: the hopelessness of the major said. LA TRINITE-SUR-MER. France — A conservative political parties, excessive During the trip to Hoëdic, Mr. Le Pen caravan of seven trailer trucks rolled into taxation. France's falling birth rate and, of said he saw lessons for France in the curtilis Parties February 5.

The stocky, combative Mr. Le Pen had ocked with drinks and snacks.

trip to visit fishing villages on the rocky have large immigrant populations," he
That evening, a singer entertained a Atlantic islands of Hoëdic and Houat, said. "I'm surprised that no one has drawn

in which the Jews in Babylon lament their separation from their homeland.

that accusations of racism, leveled at him Moslem population of foreign origin that separation from their homeland.

by his political foes and for which he is could destabilize the country in the name quick to sue, were unjust since there was of "a grand revolutionary and religious never any incitement to hatred in his design

If his own speech that night was carefulphrased, this was not so true of the ational Front's new anthem, sung by Bruno Porcher, a balladeer who has thrown in his lot with Mr. Le Pen.

who inoculate us with the blood of bar-Earlier in the day, girls distributed barity." for whom the solution is "the road brightly colored balloons to children, bear- to the homeland, with a kick in the ass." That line drew rancous cheers and laughter from the audience, a conventional-looking crowd whose average age was around 40. They had paid 30 francs (about \$5) to attend, a fee imposed to offset the

> Mr. Le Pen said that most of those who attended his beachside rallies were, in his assessment, people who traditionally voted for the Gaullist Rally for the Republic or its coalition partner, the Union for French Democracy.

costs of the tour.

rent crisis in the Gulf.

"Press articles explain that Saudi Arabia started his day at 8:30 A.M. with a boat and Kuwait are vulnerable because they

During the trip, he explained his view as in the Gulf, France was at risk from a

France's Moslems, numbering aroun 2.5 million, mostly from France's former North African colonies, make up the country's second-largest religious group. About 20 are currently under arrest charged in connection with bombings in Paris last

Called "Blue, White, Red." the colors of year attributed to a pro-Iranian group. the French (lag, it deals bluntly with those

The keyword in Mr. Le Pen's speech The keyword in Mr. Le Pen's speeches and in those of his acolytes was "national," a word that is not defined but is clearly intended to classify French citizens of a

> Mr. Le Pen, for example, lamented the fact that France could not put forward a "national" sporting team, made up of "na-tionals," evidently regretting the contribu-tion of sportsmen of immigrant stock. The French, he said, were "slipping slowly into decadence and disappearance."

Mr. Le Pen is one of four candidates who have already declared that they will run in the election next year. The others are An-

slacks, addressed the usual issues that pre- what you got were policies of the left," he The major parties have yet to declare their

In the parliamentary elections last year. the National Front, benefiting from a brief experiment with proportional representation, won 33 seats in the National Assembly with about 10 percent of the nation-

wide vote. Now, Mr. Le Pen predicts that he will get to 20 percent. Even 15 percent would be a triumph for Mr. Le Pen, who founded the

His beaches tour, which ends in the northern port of Dunkirk on Friday, start

National Front only 13 years ago.

ed shakily. At Cagnes-sur-Mer, on the outskirts of Nice, the big top was destroyed by fire --its cause has not been established --- and

my's, for good when a cocktail party was held for Mr. Le Pen in another establishment in the complex in which it is housed. She had said earlier that the National Front leader would get into the Elysée Palace more easily than into my clubs."

refused permission to pitch its tent under local regulations designed to keep nomads out. These rules are considered racist by emocracy.

drè Lajoinie, of the French Communist

France's main human rights groups be"You voted for policies of the right but

Party, and two extreme-left candidates. cause they are usually applied to Gypsies.

# WORLD BRIEFS

# Bonn Fears New Guerrilla Attacks

BONN (Reuters) — The urban guest-like group Red Army Faction has regrouped and is planning a fresh wave of attacks, a West Octuber counterintelligence chief warned Sanday.

counterintelligence chief warned Sanday.

Gerhard Boeden, president of the Federal Office for the Protection of the Constitution, told the Cologne Expense that the guerrilles had reorganized following a string of arrests to people years.

The Red Army Faction has personnel, money and weapons again, and like it did at the time of the Schlever kidnapping. Mr. Borden and series interview released ahead of publications in 1971, the group kidnapping than 1971, the group kidnappi

## Israel Denies Abducting Spy Suspec

Aguino Lists Anti-Crime Measures

MANILA (WP) - President Conzon C. Aquino, under pressure to curb lawlessness after a series of unsolved political murders, announced Sunday that the military would adopt "succepting measures" including intensified searches and new efforts to check the growth in illega

However, Mrs. Aquino rejected calls that she suspend some basic rights

of criminal suspects or adopt other martial law measures. She said the new measures would be taken "with all due respect to the guarantees of the constitution" and without turning the Philippines into "a garrison

There will be no constitutional shortcuts to public safety," Mrs.

Aquino said. We shall protect our people's cherished rights and liberties by methods that will honor and not diminish them, even if they help the

Shultz Aide to Lobby Shamir on Talks

- JERUSALEM (Reuters) — A senior aide to Secretary of State George P. Shultz of the Umited States has arrived in Israel to try to persuade Prime Minister Yitzhak Shamir to accept an international Middle East peace conference, U.S. officials said Sunday.

Charles Hill, the executive assistant to Mr. Shultz; arrived on Saturday for talks with Mr. Shamir and Foreign Minister Shimon Peres, who are divided over the issue. Israeli and U.S. officials said.

Mr. Shamir views the proposal for a conference under UN sponsorship

as a Soviet-inspired scheme to force the return of Arab land captured by

guilty escape as often as they protect the innocent."

Israel in the 1967 Middle East war.

JERUSALEM (AF) - A government official rejected a ucwapa, per's allegations Sunday that Mos-At Saint-Tropez, Régine, the nightchib dechai Vannau, a former Israeli owner, closed down her club, New Jimdechai Vannou, a former Israeli of leaking nuclear secrets; was abducted by Israeli agents to stand

The Sunday Times of Londo reported that a female istacling had lured Mr. Vanuou from Lon-In Lourdes, during an inland stop, Mr. don to Rome with promises of sec.

Le Pen was taken to task publicly by a He was then kidnapped by other recovered the situation by quipping: "I talk to Israel, the newspaper said." The to God, not to his intermediaries.

And the promises of sec.

Le Pen was taken to task publicly by a He was then kidnapped by other recovered the situation by quipping: "I talk to Israel, the newspaper said." The to God, not to his intermediaries.

And the promises of sec. In several towns, the National Front was a movie script," said a Foreign fused permission to pitch its tent under Ministry spokesman, Emid Gol.

Mr. Vanimo, 32 is accused of revealing details of Israeli nuclear development to the newspaper and has been held since October on charges of treason and espionage. At one time he flashed a message reporters indicating that he had been kidnapped in Rome.



Mordechai Vamme

# **Black Miners Launch** Strike in South Africa

CARLETONVILLE, South Africa - The National Union of Mineworkers launched a strike in South African gold mines on Sunday night, and a union spokesman said eight miners were detained in

the first minutes of the walkout. There was no immediate information on how many miners responded to the union's call for a strike by 200,000 members at 28 gold mines and 18 collieries.

First shifts were due to go underground at 9 P.M. By 8:30 P.M., there was no movement in the elevators at mines around Carletonville, about 40 miles (65 kilometers) southwest of Jobannesburg. The mines, which include East Driefontein. West Driefontein, Libanon, Kloof and Blyvooruitsig, appeared

Howard Gahriels, a spokesman the 320,000-member mineworkers union, said three men were held without charge at Vaal Reefs and five at the Buffelsfontein

The strike started in the face of a government threat to clamp down on militant labor unions.

ing industry, which accounts for 70 pressure.

Cyril Ramaphosa, secretary-general of the mineworkers union, said he expected as many as 100,000 workers at mines that do not recognize the union as the official repre-

## Cape Town Editor Critical of Press Laws Is Dismissed

The Associated Press

CAPE TOWN -- Times Media Ltd., one of the major newspaper chains in South Africa, has dismissed Anthony Heard as editor of Cape Times without explanation.

Cape Times, the country's oldest at the American Emhassy, reprenewspaper, with a circulation of about 50,000, for 30 years and served as editor for 16 years. He diplomatic representative present. crusaded vigorously at home and ahroad against government press restrictions.

Times Media Ltd. made up mention of Mr. Heard's future and gave no reason for the dismissal, saying only that he had enjoyed a distinguished career and "after 16 years as editor it was felt that the time had come for a successor to be appointed."

Mr. Heard declined to be interviewed about the dismissal, announced late Friday. He will be succeeded by Koos Viviers, now editor-in-chief of Eastern Province

Under Mr. Heard's leadership, the Cape Times often tested press restrictions, imposed under President P.W. Botha's emergency decree in June 1986. He encouraged his reporters to challenge government versions of civil unrest and

INVESTMENT MANAGER

join the strike.

The 750,000-member Congress of South African Trade Unions, the largest labor federation in the country, said in a statement Saturday that workers in other sectors would strike if employers sought to break the miners' strike with vio-

The strike was called after wage talks broke down last month between the mineworkers union and the nongovernmental Chamber of Mines, which represents mine own-

The chamber offered and unilaterally implemented increases of 17 percent to 23 percent, which increased the average black wage to 506 rand (\$250) a month. The union is holding out for a 30-percent increase and other benefits. including additional leave and dan-

Johan Liebenberg, the negotia-tor for the Chamber of Mines, said he expected the strike to last two to five days, and warned that employers might begin mass dismissals if it continued beyond that.

He said that employers had the right to dismiss strikers for breach The stoppage could seriously of contract, and added that mine disrupt the \$50-million-a-day min- owners would not huckle to strike

The minister of mannower and public works, Pieter T.C. du Plessis, said Friday that the government was preparing legislation to curh the power of fast-growing anti-government unions.

A black union member and anuapartheid activist who was bludgeoned to death last month was buried Saturday under the flag of the outlawed African National Congress, in defiance of regulations under a state of emergency decree issued 15 months ago. The New York Times reported Saturday from Mdantsane, South Afri-

More than 2,500 people attended the funeral service for Eric M. Mntonga in Mdantsane, in the black tribal homeland of Ciskei. Mr. Heard. 49, was with the Stephen D. Mull, a political officer sented the United States at the funeral and appeared to be the only

Mr. Mntonga's killers bave not been identified or apprehended.

SPIRITUAL SEEKERS!

BEAM!

HEED ME WELL! NEXT

SUNDAY IS THE HARMON-

ON AUGUST 16, THE EARTH

NILL SUP OUT OF ITS TIME

DOONESBURY



A Tamil prisoner, right, about to be freed in southern Sri Lanka, embracing a comrade not yet released.

# Tamil Protest Delays Surrender of Arms

northern and eastern Sri Lanka ly symbolic. held a general strike to protest what they said were torture killings

security forces. Meanwhile, thousands of Tamil refugees, some bauling all of their possessions, were reported Sunday to be returning to their homes in

peace agreement July 29 in an effort to end four years of ethnic strife in Sri Lanka. The capitulation of the Tamils, who had been not be identified, said 286 weapons

The Associated Press

Fighting for their own homeland, that been surrendered, including an island off the west coast of COLOMBO, Sri Lanka — The began Wednesday with the surrender eight heavy artillery weapons. Other Province surrender of arms by Tamil mili-der several truckloads of weapons, et reports said varying numbers of tants bit a snag Sunday as Tamils in although this was considered large beavy weapons were given up.

accord, an initial group of 291 Tamil political prisoners was released Saturday. More were expect-ed to be freed Monday.

A senior Sri Lankan official said Sunday that the 6,000-man Indian the north, which has been a rebel force policing the peace pact had stronghold.

force policing the peace pact had extended until Aug. 18 the deadline Sri Lanka and India signed a for Tamils to surrender their arms. The deadline has been extended several times since Aug. 3.

The official, who asked that he

The surrendering of arms was gion: In an amnesty under the peace stalled for at least a day because of The two main rebel groups, the the Citizens Committee, said Sun-

Liberation Tigers of Tamil Eclam day that Tamil rebels there had not and the allied Eclam Revolutionary yet given up their weapons. where Tamils also make up a large the rebels have predominated. part of the population.

In Batticelos, on the east coast. Sam Thambimuttu, president of

Students Organization, called a Residents of the north-central general strike Sunday in the Tamildominated Northern Province and no arms had been surrendered in

the adjacent Eastern Province, their area south of Jaffna, where The peace accord is intended to

The strike was to protest the regrant semi-autonomy to the Tamported killing of two rebels Tues- ils, who make up about 18 percent day by security forces on Mannar, of Sri Lanka's 16.3 million people.

NEW YORK (NYT) - John

Warriner, a retired teacher and au-

thor of a widely used series of text-

books on English, died of cancer July 29 at his home in St. Croix in

Mr. Warriner was the author of

Warriner's English Grammar and

Composition" series, textbooks for grades 6 through 12 that were pub-lished by Harcourt Brace Jovano-

Koch Leaves Hospital

The Associated Press

smile and a thumbs-up sign, Mayor Edward I. Koch of New

York was released from the hos-

pital Sunday after treatment for a minor stroke he suffered

"What you see here before

you is a 28-year-old brain in a 62-year-old body." he said as he left the Columbia-Presbyterian

Medical Center. Robert Bar-

rett, one of his neurologists, pronounced him "in excellent shape" after an examination

Thursday,

NEW YORK - Giving a

'In Excellent Shape'

vich beginning in 1946.

the Virgin Islands, He was 80.

# South Korean Workers Demonstrate

SEOUL (Renters) - The police said workers demanding better pay and conditions demonstrated in four South Korean cities on Sunday as industry officials warned that 200 companies faced closure because of

labor unrest.

About 20,000 workers, who were also demanding the right to form free trade unious, staged sit-ins at about 80 companies in Pusan, Ulsan;

Labor Minister Lee Heun Kr said Saturday that the growing unrest could endanger South Korea's still-fragile process of political reform.

## Afghan Rebels Say 55 Died in Attack

ISLAMABAD, Pakistan (Reuters) - Thirty-five Alghan guerrillas were killed and 20 wounded in a recent ambush near the frontier with Pakistan, a rebel spokesman said Sunday. He said 20 Afghan troops were

also killed. No independent confirmation was available The spokesman for Hezb-I-Islami (Khalis), one of seven Pakistan-based groups fighting the Soviet-backed Kabul government, said Afghan government troops surrounded a guerrilla band Tuesday when they tried to cut communications between two army posts in the Urgun district of

Paktia Province The Afglan government's Bakhtar News Agency reported Friday that border forces had seized 19 rocket launchers, 82 light weapons, 35 grenades and a radio in an encounter with guerrillas in the Urgun district. but it gave no casualty figures.

# TRAVEL UPDATE

#### ment After serving Il years in prison, Mr. Loebl was released in 1963. France Lists New Conditions for Visa:

PARIS (Reuters) — Many foreigners who wish to visit France for less than three months will have to prove that they have enough money for their trip, the Interior Ministry has announced.

When applying for short-term entry visas, they will have to produce return train or plane tickets, proof of their address while in France and bank references, according to the decree published Sanurday in the Journal officiel de la Republique française. The measure will not apply to visitors from European Community countries or from non-EC neighbors such as Switzerland and Austria, the journal said.

Interior Minister Charles Pasqua said that the requirement "will be as extra way of fighting illegal immigration." France started issuing visas for some non-EC nationals planning holidays of up to three months in France in September 1986, after a wave of bomb attacks in Paris in which 13 persons were killed.

## Delta Air Lines Crew Is Reprimanded

ATLANTA (UPI) - Delta Air Lines has taken "administrative action" against the crew of a Delta jet that came within 100 feet (3) meters) of a Continental Airlines plane in one of a series of incidents

involving Delta last month, a company spokesman said.

The Delta L-1011 was en rome July 8 from London to Cincinnati with 164 passengers when it strayed 60 miles (100 kilometers) off course near Newfoundland and nearly collided with the Continental jet. The same Delta plane later steered into the airspace of a British Airways jet. The company did not reveal the nature of the action taken against the crew which had said there were problems with the plane's navigational comp

On Friday, the Federal Aviation Administration withdrew the cap tain's permit of a Delta pilot who mistakenly shut down the engines of his Boeing 767 jet over the Pacific shortly after takeoff, sending the CTA plunging to within 600 feet of the water before the engines were re An agency spokesman said the pilot would be permitted to retain his commercial license, which entities him to serve as a co-pilot.

# This Week's Holidays

Banking hours and government services will be closed or cutaried the following countries and their dependencies this week becau national and religious holidays:

MONDAY: Ecuador Nicaragus Singspore TUESDAY: Chad Jordan Zimhabase

WEDNESDAY: Thalland, Zimbabae.

THURSDAY: Control African Republic. Congo. Tunish. FRIDAY: Congo, France, Italy, Ivory Const. Madigaster, Morneco, Pale

Validan City

SATURDAY: Anders, Austria, Selvino: Comercon, Central African Principle.

Ic. Chile, Congo, Costa Rica, France, Greece, Goinea, Husin, India, Salvingo, Costa Lebanon, Licchicauscin, Lusembourg, Manao, Madgieren, Mista, Montelle Papus New Guinea, Paraguay, Portugal, Rwanda, San Marino, Seningal, Seventhia, South Korea, Sprin, Validan City, Venezueta.

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# Eugen Loebl, Ex-Prague Trade Official, Dies at 80

NEW YORK — Eugen Loebl, a former first deputy minister for foreign trade for Czechoslovakia and the last survivor of a Stalinist purge known as the Slansky Trial, died of heart failure Saturday. He

Mr. Loebl, who emigrated to the United States in 1968 after the So-

YOUR HIGHER SELVES MUST GATH-ER AT THE NEAREST SACRED PLACE TO RESONATE HARMONICALLY IN

ANTICIPATION OF THE COMING NEW AGE!

viet invasion of Czechoslovakia, became a well-known economic and political theorist. He wrote 10 books, including "Humanomics" and his autobiography, "My Mind on Trial," both published in 1976. Elements of "Humanomics," a

theory of humanistic economics, have been incorporated into the platforms of political parties in

countries.

West Germany, France and India

viser to Jan Masaryk, minister of

and used by the Vatican in address- including Rudolf Slansky, the foring the problems of developing mer party leader, who were forced to confess to high treason and espi-Mr. Locbl was an economic adonage in the Slansky Trial Eleven were hanged. Mr. Loebl and two deputy foreign ministers were sentenced to life imprison-

foreign affairs of the Czechoslovak exile government during World War fl. In 1948 be became first deputy minister of foreign trade.

He was arrested in 1949 and in John Warriner, 80, Author 1952 became one of 14 top officials, Of Textbooks on English



# INTERNATIONAL POSITIONS

IC CONVERGENCE!

BE THERE!

You will find below a listing of job positions published last Thursday under the rubric International Positions.					
TITLE	SALARY	EMPLOYER			
MATERIALS MANAGER	Good	A warldwide under in electrical elec- tronic industry.			
FINANCIAL CONTROLLER & TREASURER	Int. Salary	ICARDA.			
PUBLIC RELATIONS MANAGER (Europe)	Excellent	Digital Equipment Corporation.			
CIVIL CONSTRUCTION ENGINEER		Garrett Fleming.			
		<del></del>			

If you haven't seen lost week's INTERNATIONAL POSITIONS rubric. please ask for a free copy: Max Ferrero, INTERNATIONAL HERALD TRIBUNE, 92521 Neurlly Codex, France.

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int. Fund investment.



The most famous night-club in the world. 8 p.m. dinner dance, champagne and show F 495.

10.15 p.m. and 0.30 a.m., champagne and show F 340. Service Included. 116 bis, Champs-Elysées, Paris-Telex 641433 F Tel.: (19-1) 45.63.11.61 and agencies



Sunday morning.

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One of a series of messages from leading companies of the world appearing during the IHT's anniversary year.

# BASF 1986

# Another successful year

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BASF, a major international chemical company renowned for its trail-blazing scientific and technological achievements, is proud to announce its Financial Results.

For BASF Group, 1986 proved successful as another year of strong financial reinforcement; new venture integration; increased sales volume; and continued, far sighted commitment to research, development and capital expenditure programmes.

The decline in Net Sales was due wholly to extraordinary international factors, and the drop in profits was almost exactly equal to the down-valuing of our oil and gas inventories.

		DM Million 1986	<b>DM Million 1985</b>	% Change
BASF Group	Net Sales	40,471	44,377	- 8.8
	After-Tax Profit	910	998	- 8.8
	Capital Expenditure	2,657	2,456*	+ 8.2
	Employees	131,468	130,173	+ 1.0
Afte	Net Sales	18,717	20,461	- 8.5
	After-Tax Profit	710	646	+ 9.9
	Capital Expenditure	1,142	884	+29.2
	Dividend	535	496	+ 7.8

# Intensified research and development

The Research Expenditure budget of over DM 1.7 Billion, considerably up on 1985, reflects the Group's belief that the long-term view is paramount.

Its general thrust can be gauged from the fact that net sales of higher value-added products account for nearly 60% of total turnover.

Highlights were the development of methacrylic acid and methyl methacrylate monomers; the inclusion of polyether ketones in our range of high performance engineering plastics; the new optically active phytohormone herbicides (Duplosan grades) which contribute further to environmentally compatible crop protection; and developments in advanced composite materials, such as the carbon fibres used in the Beechcraft Starship 1.

# Increased capital expenditure

Our Capital Expenditure programme amounted to a very significant DM 2.7 Billion.

Among its most notable achievements was the doubling of acrylic production capacity, via the opening of a second plant in Freeport USA.

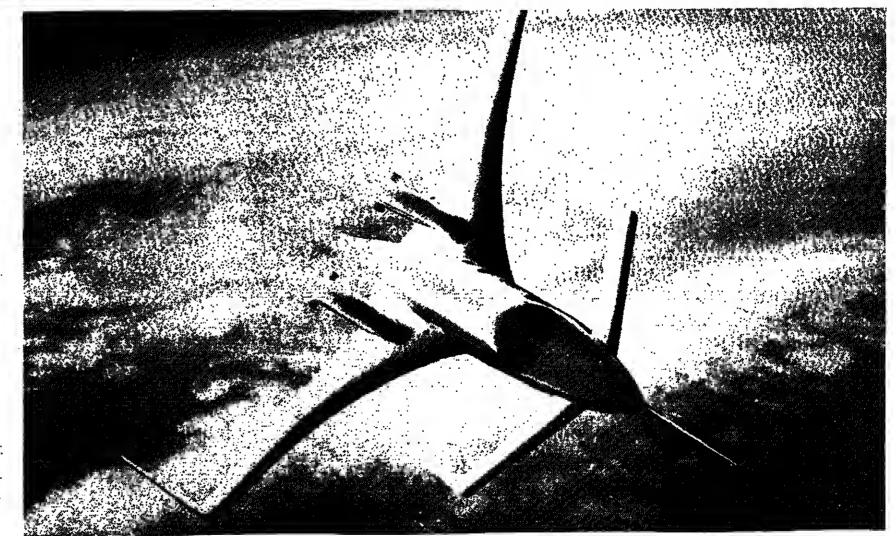
Yet further capacity will come on stream in 1988 when the new Ludwigshafen plant is opened.

# Commitment to growth

Above all, underlying BASF Group's 1986 Results is a single minded commitment to growth.

The Group's philosophy is based on the long term view; the conservative valuation of assets; and the need for a continuing high rate of return from all operations.

Its overall viewpoint is strongly international – 60% of Group Sales now come from outside Germany.



Beechcraft Starship 1.

**BASF** 

# Herald Cribune.

# Will the Spirits Come?

depends far less on discovering the proper outcome than on bringing it about Until the spirits to make tough political decisions are awakened, until the stars have been aligned into a well mapped constellation, all is maneuver or pretense. Consider Nicaragua, the Persian Gulf and the Soviet-

American missile pact for Eurasia.

The dispute in Nicaragua is not mainly between the Sandinist regime and the contras, but between Managua and Washington. The Reagan team says it is prepared for talks with the Sandinists after a cease-fire. Not good enough. Only direct talks without preconditions can possibly work.

Other pieces have to move into place as well. Managua has to accept some form of cootact with the contras. Other Central American countries helped by agreeing on Friday at their meeting in Guatemala to a regional plan involving a cease-fire and democratization. But the key is what Wash-

ington and Managua do next. In the Gulf, the essence of present problems is Iran and not the Soviet Union, as the White House claims. The West and the Gulf states will have to put aside long-term worries about Moscow, and their own quarrels.

Resolving most international conflicts in order to counter the fanatics in Tehran. Iranian leaders must be chuckling with delight at Kuwait's reluctance to permit its minesweepers to belp U.S. coovoys protect Kuwaiti shipping. The ayatollahs surely feel similar glee over the hesitations in London and Paris, although Secretary of State George Shultz now reports that these allies are coming around. Iran's power blossoms to these fears and divisions. Nothing less than a phalanx of opposition has a chance of bringing Tehran to its senses.

Soviet leaders also bave to understand that the United States cannot possibly forsake West Germany to have a medium-and short-range missile ban in Europe and Asia. Yet they persist to insisting that 72 aging West German missiles with ouclear warheads owned and cootrolled by the United States be destroyed. The obvious, only answer is to allow these missiles to wither away, and sign the treaty.

These posturings recall the exchange in Shakespeare's "Henry IV, Part I." Glendower boasts: "I can call spirits from the vasty deep." And Hotspur responds: "Why, so can I, or so can any man; but will they come when you do call for them?" - THE NEW YORK TIMES.

# Not Just a Hot Summer

with the Fahrenheit temperature in the 90s more days than in any month as far back as records go. August, so far, is no great im-provement. The world's climate is changing.

The planet's temperature has swung up and down many times over the centuries. Previously the reasons were natural, chiefly the changes to the sun's radiation. But the warming trend that has been running for the past century coincides with the maturing of the industrial revolution and the accumulation of carbon dioxide in the atmosphere. Norman J. Rosenberg of Resources for the Future, a research organization in Washington, points out that the warmest three years on record have all occurred in the 1980s. The global mean temperature is now half a centigrade degree higher than in the 1880s quite enough to produce a perceptible change in climate - and there is some rea-

son to think that the trend is accelerating. Carbon dioxide traps the heat which the Earth absorbs from the sun. That is the way a greenhouse works - or, to take a more unpleasantly familiar example, what happens to your car when it has been left in the sun with the windows closed. The car's glass is transparent to energy at the high frequencies at which the sun delivers it, but the glass is not transparent to the lower frequencies at which it is re-radiated by the warm interior of the car, It just keeps reflecting the heat back toto the car. (That is also why the trunk of the car, with no windows, is not as hot as

the passenger compartment.) The Earth's atmosphere acts in that respect like glass.

As the carbon dioxide content grows, the atmosphere becomes less transparent to the re-radiation that the warm planet would oth-

erwise throw off into space. Other gases also tend to interfere with the normal loss of heat through the atmosphere — chlorofluorocar-bons, ozone, methane and carbon tetrachloride, among others. But at present the most important and intractable is carbon dioxide, for it is produced by the combustion of fuel. Previous studies of this subject have usual-

ly either counseled wait-and-see or declared that nothing can be done. In response, Irving M. Mintzer of the World Resources Institute makes three points. First, waiting is dangerous because climatic change is, for all practi-cal purposes, irreversible. Second, some further heating is inevitable. Third, the extent of the heating depends very much on the way the world generates and uses energy. If everyone continues on the present track, he calculates, by the year 2030 the global temperature might rise by 1 to 3 centigrade degrees to a range well beyond any in previous historical experience. With greater attention to energy conservation and greater reliance on solar energy, Mr. Mintzer believes, the increase could be held to half as much. The changing climate is inevitably going to affect agriculture, water resources and life in general. But the speed and cost of the change

are still subject to a degree of human control. - THE WASHINGTON POST.

# At Its Cynical Worst

its August vacation, the only deadline it has leaving town was to pass yet another shortterm extension of the Treasury's borrowing authority, to keep the government to funds short-term extension rather than a longartificial crisis to galvanize them when they have here politics at its cynical worst. come back. What they hope to force them-

regularly snap sbut, and oothing happens. The problem continues to be the budget deficit. The president who created it blocks the tax increase that even many Republicans regard as the solution. The government has been stripped of the resources to do its job; a recession would expose it even further. But the president appears to be determined to push the necessary task of reconstruction off on his successor. The Gramm-Rudman revival — automatic budget cuts if he and Congress arms control. On some issues — the savings fail to hit declining deficit targets — is ostensibly meant to make him choose between a tax health insurance - progress has continued increase and his defense buildup. But Senate to be made. But thus far it has not been a Republicans, in the gaps between stirring year of which anyone involved can be par-speeches on the need to reduce the deficit, speeches on the need to reduce the deficit, have been working not to sharpen but to soften the terms of the process for the rest of

Congress has punctually disappeared on Mr. Reagan's term. Their goal is not to put him on the book but to let him off. The met all year. The legislators' last act on Gramm-Rudman revival has thus become a tacit weakening of the already temperate budget resolution that the Democrats adopted in June. The deficit reduction goals would be while they are at the beach. They chose a reduced. With them the pressure for a tax increase would decline, but all, of course, term extension so they would have another under the permant of fiscal responsibility. You

Meanwhile you also have an enormou selves to do then is create an even greater summer traffic jam. The budget resolution is crisis by reviving the Gramm-Rudman pro- only a statement of goals, and in part becess. But their take skill io setting these cause these are now being refought, almost traps never quite catches up with their real no progress has been made on the impleskill, which is in evading them. The jaws menting legislation. The new fiscal year will begin three weeks after Congress returns. The House has passed a majority of the standard appropriations bills, but the Senate has passed none. Neither house has acted on a reconciliation bill to adjust those parts of the government not subject to the appropriations process. The tax bill has been put off until there is agreement whether there should even be one. The defense bill has also been held up, because of a dispute over and loan institutions, trade, catastrophic this while they're sunning themselves.

-THE WASHINGTON POST

# Other Comment

American foreign policy is one or the mysteries of the age. All over the United of the administration. The bombers in Leb-States there are university departments of anon offered no targets for American retaliinternational affairs, where professors are ation, while suicide attacks in the Gulf will well paid to ponder about America's place io the world. Several excellent journals on international affairs are not only published but widely read. Congress has its number-less committees, staffed by intelligent or escalation to a major conflict if it does. young men and women. On the face of it, all seems set for wise decisions, soberly arrived an international effort under United Naat: the very Platonic ideal of a foreign

policy. Yet the result is a dog's breakfast. Take the present activities of the Reagan administration in the Gulf. That they are more than usually muddled and imprudent needed a dignified means of retreat. is evidenced by the fact that [Prime Minis-

One of the Mysteries of the Age ter Margaret] Thatcher will have nothing to do with them. To alienate Mrs. Thatcher has hitherto proved beyond the capabilities bring down the full power of retaliatory strikes on Iranian targets. By rippling its muscles in the Gulf, the United States will There is now talk, more wishfol than real, of tions auspices to clear the Gulf of mines. It would oot be the first time that the United Nations has been used to rescue a power that had got itself into a tight corner and

— The Observer (London).

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# The Arab Side Should Be Fighting to Win

W ASHINGTON — In the long Arab Per-sian war in the Gulf begun by Arab Iraq's aggression, the Persians have been fighting to win while the Arabs have been fighting to settle. If those strategies continue, the Persians in Tebran will triumph and the United States will have tovolved itself on the losing side.

For the Persians to win — that is, to depose Iraq's dictator and to achieve fundamentalist religious dominance throughout the Arab world — Iran must be certain to maintain the oil income that equips its armies and feeds its people. That means, first, transporting its oil by tankers

through the Gulf with some guarantee that the cargoes will not be destroyed by Arab planes. Second, the victory strategy demands that the price of that Iranian oil be maintained at a level nigh enough to support Iran's military machine.

Taken together, high-priced oil transported safely will buy Persians the guns and missiles needed to back up their will to win. How are the Arabs and their American allies

combating this strategy? Very curiously.

The United States, after one of its warships was attacked by an Arab bomber, has rushed to pro-tect Arab shipping in the Gulf. It fails to grasp that the main threat to shipping comes from Iraq, which must reduce the outflow of Persian oil, and it disregards the first rule: "Free navigation" bene-

fits the Persians far more than the Arabs.

But to reflagging Arab tankers and using U.S. warships to protect them, the United States is also telling the Iraqis to stop attacking Iranian shipping. The high-minded U.S. strategy seems to be to bring cease-fire to Gulf waters, with each

side's tankers proceeding unmolested.

That is exactly what the Persians want. That is why an Iranian mission bas been dispatched to Kuwait to offer a deal: Get Arab Iraq to stop its effective bombing of our tankers, say the Per-sians, and we will stop our ideffective efforts to interdict your shipping. The Iranians would thus get what they ceed — unmolested transport of their oil. The United States would have intervened on the side of the Arabs but, in the name of free navigation, would be aiding the Persians.

Therefore the result of the American toterven-

tion is likely to help the Persians win, which is oot the stated goal. Washington has been suckered by the oervous Kuwaitis into a no-win strategy that undermines the Iraqis and protects the oil delivery of their common Iranian enemy. What about the second pillar of Persian eco-

uld be as severe a blow as sinking half the tankers transporting Iranian oil. The Saudis know this. A couple of years ago, to starve the Persians into submission, they

nomic power? The price of oil is a key to Tehran's

victory plan. If the price of oil were to be halved,

By William Safire

agreed with their Arab brethren to raise production and thereby reduce world oil prices. That was Sheikh Ahmed Zaki Yamani's tinest hour in the price manipulation business; oil prices col-

lapsed to less than \$10 a barrel. The Saudis, who could "lift" oil at a cost of half a dollar a barrel, lost little on the increased production: the Iranians, who produce at six times that cost, lost two-thirds of their oil revenue.

That was when the Iranian oil minister paid a visit to King Fahd in Riyadh. Reduce production to raise prices or else, was the message; Iran was prepared to stimulate an uprising of Shiite fol-lowers of Ayatollah Khomeini within King Fahd's sparsely populated kingdom.

The nervous Saudis caved in. Sheith Yamani

was fired, production was cut and the price of oil has risen to more than \$20 a barrel.

Here we are today. The Persians, to drive home to the Sandis the reality of their threat, have just

infiltrated thousands of demonstrators armed with bombs into the most holy places of Islam, with nstructions to martyr themselves in stampedes. The Saudis suppressed the demonstrators and, more significantly, responded by demanding that errant Syria declare its solidanty with the Arabs.

But - and here is the central difference between Persian and Arab core attitudes in this war - the Sandis have not even threatened to raise production and cut the price. They are still hoping to settle, not using their economic power to help Iraq fight to win. King Fahd has taken the riots on his soil as a Khomeim threat, requiring rhetorical anger and behind-the-scenes amelioration, and

not as a provocation calling for real retaliation.

While the United States is in effect helping Iran move its oil safely, the Saudis are helping Iran keep its prices high. So the Persians are able to buy nearly a billion dollars a year worth of arms from China to equip legions of would-be martyrs.

Until Arabs decide to fight to win, the purpose-

The New York Times.

# A Second Italian Policy Is in Reserve

By Enrico Jacchia

R OME — Would a multinational naval force be the right answer to Iran's mining of the Gulf? The idea is making the rounds in Rome. Two quite different policies are suggested. Foreign Minister Giulio Andreotti wants to avoid direct Italian military involvement in the fran-Iraq war and maintains that only the United

Nations might intervene, by setting up a multi-national force for minesweeping. At his urging, the cabinet announced that position on Friday.

Past experience with the United Nations is not

encouraging, but Mr. Andreotti's proposal has the immediate political goal of offsetting the negative reactions provoked at home and in the United States by rejection of Washington's request for

cooperation in minesweeping in the Gulf.
Former Prime Minister Bettino Craxi has put
the other policy line bluntly, saying that "the oil
supply from the Gulf is vital for Europe" and it is "therefore a political responsibility of the Europe-ans to make sure that the oil flow is not stopped." An integrated minesweeping flotilla sailing up the Gulf under a European Community flag is surely a mirage. But it would be different if several European countries, necessarily in coordination, sent minesweepers to the international waters of the region. If the operation were confined to clearing mines, it would have a solid precedent.

From August to October 1984, ships of the U.S., French, British and Italian navies were sent to the

Hindu-Moslem Tension Mounts as Gandhi Zigzags

By Bharat Wariavwalla

sar late last month; Sikh gummen also curred in the largest state of the union,

Uttar Pradesh, killing more than 200

The canker of communal violence

has spread to the countryside. In May,

armed clashes between Hindus and

Moslems happened in places that had

never experienced such things before.

Violence proke our perween the meni-

bers of the two communities in some

villages of the western state of Maha-

potential for rural violence is high.

immediate causes are trivial: A scrap

over rickshaw fare, a salacious gesture

by a man of one community toward

the girl of another, or plain rumor,

Anything can touch off a major clash these days. Fear and hate grip many. Volatile Hindu-Moslem relations

need sensitive and dexterous handling.

The government has shown neither. In

the last year, on many issues, Mr. Gandhi has faltered; zigzags have characterized his policy. Goue are the

purpose and direction he gave the country in his first year in power. A policy reversal on the Moslem

issue last year has cost him dearly. By

enacting a piece of legislation called the Moslem women bill, he lost the

support of progressive and liberal-minded Moslems plus the Hindus. The bill legally binds Moslem women

to seek justice on matters of marriage, divorte and alimony only within the cannons of Moslem religious laws. A Moslem woman who wishes to seek

redress under the more just Indian

civil code, patterned after the Anglo-

Saxon code, is now legally barred from

doing so. Democratic India denies a Moslem woman the freedom to choose

a legal system she prefers. Initially Mr. Gandhi was clearly for

em woman the freedom to choose

rashtra. The issue was water.

But it could be anything -

been left homeless and jobless.

Canal and the Gulf of Aden by a still unidentified country or group. The four countries had been asked in do so by the Egyptian government, which coordinated the activities of each naval group from Cairo on a bilateral basis. The naval commanders retained their autonomy and received their orders from their national authorities.

The situation in the Gulf is more complicate because of the war between Iraq and Iran. A because of the war between iraq and Iran. A multinational force operating there would certainly be considered hostile by Tehran — and by Moscow, if the Soviet navy were not included.

Still, it is imperative for Europe in keep oil supplies flowing. This is acknowledged to Italy and the other EC countries, despite the refusal of Washington's European allies to honor requests for minerometric support in the Colf.

for minesweeping support in the Gulf.

If the situation deteriorates and, as may be expected, the United Nations does not act quickly,

several European countries will be forced to take a direct responsibility in the Gulf and participate at least in clearing mines from international waters. This would require some form of cooperation, and the successful 1984 Red Sea operation, it is widely believed to Rome, is a good model.

Optimists in the Italian capital expect that nothing will have to be decided before Caspar Weinberger, the U.S. secretary of defense, visits Italy in mid-September. The reluctance to face the Gulf problem is partially explained by the feeling that the threat posed by Iran is not principally military but is one of political subversion.

It is widely thought, too, based on past experi-ence with radical Arab states, ootably Libya, that Iran's retaliation against an Italian naval presence in the Gulf would likely result to blood being spilled on Italian streets.

This being the prevailing feeling, nobody should be surprised by the Communist attitude, which is adamant: Hands off the Gulf region. The small lay parties — Republicans, Social Democrats and Liberals — have criticized the government for its refusal to send minesweepers to the Gulf; they would all back an eventual European initiative. For now, the Christian Democrats back Mr. Andreotti's line of total reliance on the United Nations, but they would certainly not oppose a Euro-

pean move if it seemed feasible.

If nothing dramatic happens before Mr. Wein berger's visit, Mr. Craxi's position is likely to gain broad public support to Italy, since the European option would satisfy almost everyone. Many ad-mit, however, that the difficulties in applying the European option are considerable.

International Herald Tribune.

# They Think The Systems Are Alike By Jim Hoagland

MOSCOW — Noticing a guide-book in English tucked under a stranger's arm, a balding bearded Georgian stops on the street and breaks into English. "American?" Tourist? You have come to see Georgian town, not Russian town. Good, good. Very different here," says this teacher, chatting as amiably as would an Italian in Rome who wanted to practice his English by making small talk about his country and mine.

But a few steps farther along Rustaveli Avenue, the teacher suddenly (alls silent and remembers a previous appointment across town when I ask him to translate the writing on three posters in display cases facing onto the avenue. They show cartoon drawings of fierce Afgian tribesmen, daggers between their teeth and dollars stuffed into their tribes and dollars stuffed into their turbans, killing innocent civilians. Porcine U.S. Army officers and bankers devour gold coms as

American citizens starve.

What do Soviet citizens really know and think about Americans? In the sunbaked and dusty streets of Tbilisi. where Europe ends and the Middle East and Asia begin, answering that question remains as problematical as it does elsewhere in the Soviet Union.

A chance encounter with an English-speaking teacher probably oc-curs by chance rather than by sinister design. Georgian teen-agers, rather than the KGB, keep you under surveillance as you leave your hotel, and sidle up within a few blocks to ask discreetly if you want to change dollars on the black market.

But even to this more relaxed atmosphere, relentless official propaganda about the iniquity of the American MIC (military-industrial complex) and an obsession with secreey can shut down human contact and attempts at understanding quickly. The teacher's aversion to describing posters hanging on what I later discovered to be a military office building is only one reflection of that. There are other signs that the much

touted new openness of Soviet society has done little to change the way in ke which Soviets view American society.

One of the clearest for me is a certain stubborn refusal to be surprised by any of the unsavory acts that have been brought to light under the Iran-contra heading in Washington.

To the extent that it can be successfully decoded and put down in synopsis form, the true Soviet reaction Iran-contra affair seems to me to run something like this:

Surprised? Not at all. This is what we have been told all along. Of course there were secret plots hatched in the Situation Room of the White House that were the real policy, while Congress put on a big show about being the voice of the people and the source of laws. We know all about making showcases of parlia-ments and constitutions, while the dirty work gets done somewhere else.

And we have had our own experiences with show trials, or what you call congressional hearings, when somebody other than the leader has to take the blame. You have a particular American twist, with the instant rehabilitation of the purged officials by television audiand lots of party congresses, but we know how impatient you Americans are. So let us not waste time with talk about the self-correcting mechanisms of the American system, which items out to

be pretty much like ours. The self-interest in such commentary by Soviets would be palpable. But Lieutenant Colonel Oliver North and Rear Admiral John Poindexter did all they could, in word and deed, to coufirm the stereotypes of Americans that among the most lasting contributions

of the Iran-contra gang.

That was brought home to me on the airplane from Tbilisi back to Moscow not by anything said by a Russian but by something written by Edward L. Rowny, the retired general who is special adviser on arms control to President Reagan and Sec-retary of State George Shultz, in an article that he published in the spring

issue of The Washington Quarterly.
I had put the article aside to read in conjunction with arms control interviews I had scheduled in Moscow, But with the final stages of the congressio-nal hearings and the Russian refusal to be surprised by them very much on my mind, I found these remarks by General Rowny to define, inadvertently, the great damage wrought by North & Co. abroad: "Our open society ensures that our programs are consistent with their stated intentions. This is in contrast in the U.S.S.R..."

The Russians, reading about the

colonel shipping arms to the ayatol-lahs with Mr. Reagan's express concent, say they are not so sure, General. The Washington Post.

# Reagan's Nose Could Change The Whole Face of the World

Suspected Sikh terrorists killed five myoths, 40 major and minor instances Hindus in the Sikh holy city of Amrit- of Hindu-Moslem violence have oc-

dominant issue in the world's largest but none-too-clean democracy.

destructive, and they last for months. Parts of Delhi have been under police

## By Michael Oppenheimer and Daniel J. Dudek

N EW YORK — After a third bout with skin cancer, President Reagan's nose, as be noted, is a "billboard" warning against ex-

N EW DELHI —As he begins his third year to power, Prime Min-ister Rajiv Gandhi is a harried man.

Trouble after trouble has visited his

denied that he or his family had

received any kickbacks in a \$1.3 bil-

lion gun deal that the government concluded last year with Bofors, a

Swedish company. All opposition

parties, important members of the

rating Congress (I) Farty and a large section of the press and public think

that the deal is shady. For the first

time, public propriety has become a

While enjoying unaccustomed suc-

oess with the agreement between In-dia and Sri Lanka designed to settle

the bitter war between Tamils and Sinhalese, Mr. Gandhi is elsewhere

confronted by mounting problems.

Violence in Punjab is on the rise.

Recently in Parliament he again

government it. the last six months.

cessive exposure to the sun.
Something else that Mr. Reagan should loudly proclaim is, "Protect the ozone layer." The message could be vital to cementing an international agreement to stop ozone depletion, which threatens to vastly increase already high levels of skin cancers - some of which, unlike Mr. Reagan's, will be fatal. The stratosphere's ozone layer.

the first line of defense against the sun's ultraviolet rays, is beginning to thin because of industrial gases. Sun screens and protective clothing are important weapons in combating rising rates of skin cancer. But Interior Secretary Donald Hodel took this notion to an extreme two months ago when he recommended their use in lieu of regulations to protect the ozone layer. The suggestion, akin to issuing gas masks to mitigate air pollution, met with appropriate decision. But the administration has never renounced Mr. Hodel's logic.

Scientists have known for more than a decade that industrial chemicals called chiorofluorocarbons are slowly eating away at the ozone

cesses are readily available — or could be, with a nudge from governments. But international negotiations to solve the problem lan-guished until an ozone hole was discovered over Antarctica.

killed three other Hindus, and two

raised to 615 the number of deaths in

Punjab related to ethnic violence. What could tear apart the little so-

cial peace that remains in India is the

fervent revival of old antagonisms be-

tween the two largest religious com-munities, Hindus and Moslems.

Then among this me are recording to the

Past clashes were sporadic, spontane-

ous and of short duration. Now they

are bloodier, well planned and more

The northern city of Meerut, which

saw the first war of Indian indepen-dence in the 19th century, this April

witnessed a bloody riot, with 23 per-sons killed. Violence soon spread to

Delhi and other cities. In the last 18

curiew for more than two months.

With recent findings pointing at chlorofluorocarbons as the likely culprit, about two dozen countries have moved rapidly toward an ac-cord that would sharply reduce production during the next decade. In fact, negotiators moved to the brink of agreement at a bargaining session to Geneva last April, before Mr.

Hodel entered the fray.

A final protocol is due to be signed at a meeting next month in Montreal. With critical details still undecided, the delicate consensus could easily evaporate. The president's public leadership.

sharpened by his personal medical history, could be vital in clinching the deal to save the ozone layer. Mr. Oppenheimer is a scientist, and Mr. Dudek an economist, with the

Environmental Defense Fund, a non-

profit organization. They contributed

this comment to The New York Times.

giving such a choice to Moslem wom-en, but he retreated under pressure from Moslem zealots. Hindus in the large Hindi-speaking areas of north and central India are as angry as liber-al Moslems. They think the government is too soft on the Moslems, Asked a Hindu leader, "Does any country give so many privileges to a minority as we do to the Moslems?" Electoral arithmetic would demand

that Mr. Gandhi and his party come to terms with the new religious assertive-ness in the Hindi belt. Hindu support tho parry may be in Judice, even to the Hindi belt; last month it had a crushing defeat in the state of Haryana. Appealing to the Hindu voter along

religious lines is always difficult. The Indian state is built on the principle of secularism. The word is a misnomer, for the state is not opposed to religion, to the "Tale of Two Cities."

as is the Soviet state. Here it simply means separation of politics from religion. The Congress Party since the days of Mahatma Gandhi and Pandit Nahra has made secolarism the cornerstone of the constitution.

people and leaving mare than 1,000 injured; hundreds of thousands have Hostility to Pakistan, however, has great electoral appeal. Pakistan is an ideal surrogate for Hinch hostility toward Moslems. Indira Gandhi understood this. Before her assassination to 1984, she skillfully exploited Hindu-Mostan emalous by luctuang coulder, presenting Pakistan as the arch foe, out to undo Indian unity. No doubt she had good reasons to be fearful of the Pakistani military regime, but her exaggeration of the threat was partly a policy of wooing the Hindus.

Her son seems to have reverted to his mother's policy. Rajiv Gandhi began by extending a hand of friendship to Pakistan and Sri Lanka. Without sacrificing socurity interests, he was prepared to explore ways of cooperat-ing with Pakistan. The movement toward peace was abandoned in mid-1986, partly because of Pakistan's intransigence on the nuclear issue. Pa-kistan is determined to be a nuclear power, and perhaps so is India.

But the policy of living in peace with its neighbors was also given up for domestic reasons. When things are bad at home, Pakistan-beiting is al-ways useful. That is what Mr. Gandhi did at a recent public rally, sounding as crusty as his mother.

The writer is a senior fellow at the Center for the Study of Developing Societies in New Delhi. He contributed this comment to the Los Angeles Times.

# IN OUR PAGES, 75 AND 50 YEARS AGO

1912: New York Reacts 1937: Fear in Shanghai NEW YORK - [The New York SHANGHAI - Following the kill-Herald says: ] To our friends in other cities who are pointing their fingers at Manhattan Island and saying "O Lord, how thankful we are that we are not as New York," we would say, watch New York clean house and

take a lesson. We would say this even in the face of the fact that quite as a matter of ordinary occurrence, within a few hours after Police Lieutenant Becker was locked up without bail, there was a fatal shooting affray in the "card room" of a well-known restaurant one block off Broadway. is why Congress remains in power. But Only one man was killed and only two were seriously injured, but the card game was seriously interrupted. Indeed, law enforcement matters have begon to move. The Mayor has summoned his typewriter and resumed pegging away letters with all the industry of Dickens' shoemaker

SHANGHAI — Following the kill-ing of two Japanese naval officers at the Hung Jao military airfield [on Aug. 9]. Shanghai was living to terror of another bombing raid by the Japa-nese such as that which was carried out to reprisal for a similar incident in 1932 when thousands of Chinese were slain. More than 60,000 panicstricken Chinese already have evacuated their homes. Large numbers are pouring into the international settlement, while thousands can be seen cowering in the streets frequented by Europeans. According to Chinese sources, Japanese officers by marines, all of mem wearing civiltrance into the airfield in automobiles. When summoned to stop, the Japanese fired. The Japanese version says that Chinese soldiers fired on a naval officer and his chauffeur as the latter was driving toto the airfield.

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# Sandinists Hail Accord But Warn of Obstacles; **Opposition Is Cautious**

By Stephen Kinzer
New York Times Service

MANAGUA - The Sandinist important obstacles remain.

The agreement stipulates an end to the state of emergency in Nicaragua. For five years, the Sandinist government has used emergency rule to prohibit major political demonstrations and restrict civil

Alejandro Bendana, an official with the Nicaraguan Foreign Ministry, appearing on an ABC News program, said Sunday: "It's a complex package and many of its details need to be worked out, but what we are underscoring is the will to arrive at peace through negotia-tions and what we need now is the United States' concurrence, because the main thing is to halt the fighting in Central America. That means the U.S. must halt in turn its war against Nicaragua."

He said there was nothing in the Guatemala plan "that says we have to sit down and talk with the con-

"The contras are a creature at recognize this; when will Washington recognize this?".

The Guatemala accord says that "complete freedom for television, radio and press should exist," and that all countries in the region should decree amnesties and embark on "an authentic democratie pluralist process."

In a nationally broadcast speech Saturday, President Daniel Ortega Saavedra indicated that there would be no immediate political

Until now, the Sandinists have maintained that questions such as press and political freedom were internal matters that could not be covered by any international agree-

The other main aspect of the accord, the prohibition of outside aid to insurgents in Central America, prompted guarded hope in Nicaragua that the civil conflict that has devastated the country since 1982 might be ended.

We have entered another phase in the struggle for peace," the official Sandinist newspaper Barricada said in an editorial.

The newspaper said that the bawas recognition of "dialogue and weaknesses of the system," he said. negotiation as the only way to re- "But it's been necessary. Once you duce differences, the only course put things back on an even keel, for civilized nations."

Aboard the airliner that carried Aboard the airliner that carried in ourselves."

described the agreement as "a first.

Several witnesser at the hearings

tral America," he said. "We cannot yet have great expectations.".

He added, "We hope the United government has described the ac- States government will act rationalcord signed Friday by five Central by for the first time, that it will American leaders as a historic step respect this agreement of Central toward peace but has warned that American leaders and leave us in

The clandestine September 15 radio on Saturday broadcast reactions to the accord from leaders of the U.S.-backed insurgents, known as contras.

They expressed doubt that the Sandinists would comply with clauses requiring democratization and free elections.

Alfonso Robelo Callejas, a for-mer member of the Sandinist junta, said that Nicaraguans had "an experience of betrayal" at the hands

"We are familiar with the Marxist-Leninists," Mr. Robelo said. Another contra leader, Adolfo Calero, said that he was willing to work for peace in Nicaragua as long as Sandinist authorities committed themselves to "a peace with



President Daniel Ortega Saavedra of Nicaragua, left, confering with President José Napoleón Duarte of El Salvador before signing a regional peace accord in Guatemala City.

# creation of the United States," he added. "The Central Americans recognize this; when will Washing-recognize this; when will Washing-

New York Times Service
WASHINGTON — Revelations n the iran-contra hearings, including details of amateurism and bungling have shaken the confidence of foreign officials in U.S. secret operations, government officials say. They add that the disclosures have prompted the intelligence services of some friendly nations to share less information with the

United States. Although members of the Irancontra investigating committees and Reagan administration officials insist that no classified information was disclosed during the hearings, they acknowledge that the continuing exposure of the government's inner workings carried some costs.

William S. Cohen, Republican of Maine and a member of the Senate fran-contra committee, acknowledged that the detailed picture of ineptitude produced by the hearings would concern foreign offi-

cials and intelligence officers. "There have been costs and emsis of the Guatemala agreement, barrassments from exposing the those countries will regain confidence because we have confidence

great, transcendent and historic said during public testimony that the detailed disclosures of the arms "We still have major steps to sales to Iran and the secret support take before there is peace in Cen- for the Nicaraguan rebels, known

national security.

Lieutenant Colonel Oliver L. matters of great secrecy in the operation of our government, and sources and methods of intelligence activity have clearly been revealed

Members of the House and Sen-

startled when former U.S. officials North, among others, contended openly admitted that the United that the hearings had "revealed States, as of six months ago, had virtually no useful intelligence on Iran.

> Although most testimony dealt with intelligence activities by members of the National Security Council, some operations of the

There have been costs and embarrassments from exposing the weaknesses of the system. But it's been necessary.'

- Senator William S. Cohen

conservative Republicans, dis- disclosed as well.

"No intelligence information was compromised," said Represenlative Thomas S. Foley, Democrat of Washington.

Department summary of world-

vices "could learn more from read- in San José, the capital. ing Henry Kissinger's memoirs."
The hearings received mostly approving reviews from the loreign press, with most praising the public inquiry, according to a State official said.

ate committees, including some Central Intelligence Agency were

The hearings have had several effects. One official said, for example, that intelligence officers in Costa Rica became less cooperative with their American counterparts An administration official con- after watching television coverage tended that hostile intelligence ser- of the hearings received by satellite

This official suggested that the Costa Ricans might be afraid their secrets could be publicized in some future public hearing in the United strength of the American democra-cy in being able to conduct such a had in the country dried up," the

official said counterterrorism offi- operations.

But in Washington, diplomats cials in several European intelli-from some countries said they were gence services had told him they startled when former U.S. officials had been struck by the ioeputude of the Iran and contra covert oper-

Although couotries like Saudi Arabia were irritated when their support - officials expect them to mutual interest.

mittees said that one of their main neatly typed and emanating from goals had been to avoid damaging an address in the American zone of American intelligence gathering, occupation, particularly by the CIA.

As a result

Several panel members said they hoped to avoid repeating the experience of the mid-1970s, when sevmanipulation of governments were

The years after those inquiries were marked by low morale and the category for bureaucratic timidity at the CIA collaborators." and other intelligence agencies.

Senator Daniel K. Inouye, ehairman of the Senate Iran-contra committee, said that the panel had decided against public testimony by Robert M. Gates, deputy director of intelligence, in part to avoid embarrassing the CIA. For example, Mr. Inouve said,

Mr. Gates would have been forced The study's conclusions appear to acknowledge that although he to tally with the U.S. Justice Dewas No. 2 at the agency, William J. Casey, the director of central intel-

# Nazi Associates Enter Canada

Study Says U.S. Aides Helped

By John F. Burns

Ver York Times Service TORONTO - A study for a Canadian government comm says that people who would have been considered "undesirable Nazi collaborators" were admitted to Canada as immigrants after World War II because of incomplete and misleading information supplied

by U.S. intelligence officers.
The study, by Alti Rodal, a historian living in Ottawa, was compiled for the Deschenes Commission. The commission compiled an official report on war criminals in Canada that the government published in March.

The Rodal study, based on secret documents and extensive interviews with officials, influenced the commission's recommendation that immediate action be taken against 20 alleged Nazi war criminals living in Canada and that 218 other immigrants be subjected to further investigation.

The government introduced legislation, still pending, in allow for war crimes trials io Canada. But it ignored the commission's recommendation that the Rodal study be published, and it released the report only last week, heavily censored, after The Toronto Star petitioned for the document under Canada's Access to Information

The study says that government inquiries to recent years have showed that in the early 1950s U.S. intelligence officials pushed "eastern Europeans with false identities through the immigration stream in Canada.

At the time, according to the support of the cootras became pub-lic — after they had denied giving nadian Mounted Police officer screening immigration applications continue aiding covert action of in Germany, became suspicious about U.S. intentions when he no-Leaders of the Iran-contra com- ticed a number of applications "all

As a result, the Rodal study contends, "there were instances in which American intelligence officers withheld information from eral illegal and unsavory opera- and misled Canadian authorities as tions involving assassinations and to the true background of prospective immigrants to Canada, persons who would have been inadmissible on grounds of 'moral turnitude,' the category for undesirable Nazi

> Elsewhere in the study, Miss Rodal concludes that "significant numbers" of war criminals were among the 620,000 immigrants who came to Canada in the two decades after World War II from 12 European countries where war crimes were common.

partment's disclosure in 1983 that American intelligence agencies in official said.

ligence, had kept him largely in the Europe knowingly employed and Shultz wrote sponsors of the legisA former American intelligence dark about the Iran and contra protected former Nazis, including lation that the administration op-Klaus Barbie, who was recently poses the bill because it would vio-

crimes against humanity.

it possible for them to leave Europe Pope Pius XII. and settle elsewhere, notably in South America.

headlines here, her study also con-vakia. tained much that was emharrassing to the Canadian government.

She asserted that two alleged Nazi war criminals were admitted to Canada in 1983 because a German-born senior officer of the Mounted Police, along with other officers described by the study as having sympathies that "inclined them towards leniency with regard to former Nazis," destroyed documents relating to the immigrants' Nazi pasts.

As released, the study offers no toformation about the identities or whereabouts of the alleged collaborators who entered Canada with the assistance of U.S. intelligence officers or of the two men who entered in 1983.

The government in censoring the document, said that it was doing so to protect individuals and ensure fair trials if any of them were brought to court.

Some of the censorship involved prime ministers, the late Louis St. secrecy.

convicted in a French court of Laurent and Pierre Elliott Trudeau. Mr. St. Laurent is depicted as The U.S. investigation showed having agreed to the resettlement in that American officials had assist- Canada in 1949 of a Nazi collaboed some of the former Nazis in rator from Czechoslovakia, Karol acquiring new identities that made Sidor, after a direct appeal from

Mr. Sidor, previously commander in chief of the Hlinka Guard, a Although it was Miss Rodal's Slovakian storm trooper unit, had illegations about the role of U.S. been reassigned in the Vatican as intelligence agencies that made the delegate of Nazi-occupied Slo-

The study quotes a letter from the Apostolic delegate in Canada telling the Canadian authorities that he "cannot settle down anywhere in Europe without undergoing serious inconveniences and vex-

Mr. St. Laurent, who retired in 1957, was also depicted as having been "personally involved" in communicating with purported Nazi war collaborators from Vicby France who settled in Oueber after haviog been convicted in absentia in French courts.

Mr. Trudeau is described in the study as baving opposed action against purported war crimiuals when the matter was put before the cabinet in the early 1980s.

Three pages of the study dealing with his attitude and with instances in which he opposed measures proposed by other members of his government were deleted before publipassages dealing with two former cation on the ground of cahinet

# U.S. States It May Close PLO Washington Office

By Charles R. Babcock

Washington Past Service
WASHINGTON - After months of internal dehate, the Reagan administration has said for the first time that it is considering closing down the Palestine Liberation Organization's office in Washing-

According to State Department officials, recent PLO actions, such as keeping Mohammed Abu Abbas, mastermind of the Achille Lauro hijacking in 1985, on its executive board, contributed to the decision on the politically sensitive

The PLO's Washington office and its office at the United Nations are the target of legislation by members of Congress who argue that they are symbols of terrorism. Other members counter that shutting the office would violate U.S. precepts of freedom of speech and harm U.S. efforts to arrange peace talks between Israel and a Jordan-

Palestinian delegation. Secretary of State George P. foreign policy. But he added that closing the PLO's Washington office, the Palestine Information Office, on its own. "Closure of the PIO as a foreign

late the presideot's powers in

entity, allowed up to now to operate hy the U.S. government, would of course represent a symbolic shift in the U.S. government's relationship to the office, underscoring our disapproval of the PLO's reteotion of Ahu Ahbas oo the Executive Committee," Mr. Shultz wrote in a July 31 letter to Senator Charles E. Grassley, Republican of Iowa, and Representative Jack Kemp, Republican of New York, sponsors of the legislation.

"Such a gain may be sufficient to warrant Executive Branch action in this regard at the appropriate time," Mr. Shultz added.

His pronouncement followed months of internal discussions by State and Justice Department lawyers on the legal authority for such

One State Department official said that the U.S. authorities were "sheeked" by the PLO's decision at a recent conference in Algiers to put Mr. Abbas back on its executive board. The United States has sought his extradition on hijacking and murder charges since the hijacking of the Achille Lauro cruise ship in October 1985, which resulted in the murder of an elderly American.

The Shultz letter noted that closing the PLO observer mission at the United Nations would violate a U.S. treaty obligation and would lead to a probable defeat at the World Court and "a propaganda gain" for

SHE HAS THE STRAIT DOWN COLD - Lyone Cox, 30, swimming ahead of two escort boats on her way to crossing the Bering Strait, which separates Alaska and

The Californian set out from the U.S. island of Little Diomede and swam more than four miles to compensate for tides and currents in making the 2.7-mile crossing. No the Soviet Union. Despite spending about two bours in 6-degree-centigrade waters, Ms. Cox, inset, was all smiles spokesman for the U.S. Coast Guard said that a person Friday after reaching the Soviet island of Big Diomede. would normally survive only 30 minutes in the icy water.

# Pretoria Says It Will Negotiate on Namibia

By John D. Battersby New York Times Service

CAPE TOWN - The South African government, baving reopened security talks with Mozambique after a two-year lapse, now appears ready to negotiate with Angola and Cuba on withdrawing Cuban troops from Angola and an independence settlement in South Afri-can-ruled South-West Africa.

military hostilities in the Gulf

Neil P. van Heerden, the direc- But he said he doubted whether he was prepared to be more flexible for South-West Africa, or Namibia.

He said that included Cuba, Angola and the South-West Africa People's Organization, or SWAPO, the guerrilla organization that has been fighting for independence for

tor-general of the Department of Soviet commitments in Angola over the partial withdrawal of an Foreign Affairs, said that South
Africa would talk to any parry involved in the issue of independence

Mr. van Hearden volven in ministerial talks last week with Mo-

President José Eduardo dos San-

his country in return for indepen-dence of South-West Africa, the withdrawal of South Africao zambicans that led to a revival of a nonaggressioo pact agreed upon in

tos of Angola said in late July that

by South Africa and receive 515 million a year in military aid from the United States, Both the United States and South Africa have linked any progress toward Namibian independence to the withdrawal of Cuban troops from Angola.

secretary of state for African affairs, Chester A. Crocker, and Mr. Dos Santos ended abruptly last month, with Mr. Crocker calling them "a waste of time." But Mr. Dos Santos has since extended an offer to Pretorin of four-way talks with South Africa, Cuba and the Namibian rebels.

Mr. van Heerden said that the

He said that despite U.S. sanctions and corporate disinvestment in South Africa, he did not believe there had been n fundamental ment for Brazilian teachers and change in Washington's policy to-

# Mail-In Testing Kits for AIDS Draw Criticism From U.S. Health Officials

By Lori B. Miller

New York Times Service NEW YORK - Several U.S. companies plan to offer mail-in testing kits for the AIDS virus, stirring concern among public health officials and drawing criticism from many doctors and others who

work with AIDS patients. The companies promoting them say they will reach a segment of the population that would otherwise not get tested: people who refuse to go to a physician or to a public testing site because of the stigma associated with AIDS, or acquired immune deficiency syndrome.

But many health experts question the accuracy of the mail-in tests. And they say it is dangerous to notify users of the kits about positive test results without offering them personal counseling about the implications.

"Right now. there is nothing more devastating than finding out your AIDS test might be positive," said Dr. Robert E. McAfee, 2 trustce of the American Medical Association and a surgeon in Portland, Maine, Finding out over the tele-phone does not meet the compassionate, sensitive, psychological needs of a patient." Most of the kits require an indi-

vidual to prepare a blood sample at

bome and send it to a laboratory been made very clear: We have for evaluation. Those using the kits always stressed that testing should would identify themselves by num- not be done without pre- and postber and would receive their test test counseling, and this is a posiresults either in the mail or over the tion of every public health author-

telephone. The kits, costing \$24.95 to \$50. would be sold in pharmacies and medical clinics as well as by mail-

At least three companies are awaiting approval from the Food and Drug Administration for their at-home blood-sampling kits. One test-kit company that is al-

ready operating. National AIDS Testing Hotline Inc. in Fort Lauderdale. Florida, requires customers to have blood drawn at a professional laboratory. They then send it to the company for private notification of results.

The FDA said it was studying whether the company's procedures were subject to federal approval. Some officials say they suspect that other companies have been offering similar services without fed-

eral approval.

Robert Komescher, project offi-cer at the Centers for Disease Control in Atlanta for the AIDS National Hot Line, said federal health officials took a dim view of mail-in AIDS testing kits. He said:
"Our position on testing has

# Pentagon Clears Japan Firms

Department, in an unusual move. has said its officials had no knowl- Pentagon's export control office, edge of high-technology diversions quoted Mr. Bryen as alluding to the involving the NEC Corp., Mitsubishi Heavy Industries or Sumitomo day, the Pentagon said Mr. Bryen

Heavy Iodustries. All three companies have been named in news reports in Japan in gaged in any diversions.

the last week, after a Japanese news-NEW YORK - The Defense paper, drawing on an interview with Stephen D. Bryen, who heads the companies. In its statement on Fri-

had been misquoted. NEC has strongly denied it en-



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Brazil Boosts Angolan Oil Imports By Juan de Onis

nal Herald Tribune ing 235,000 barrels a day from Iraq, RIO DE JANEIRO - Brazil bas Saudi Arabia, Kuwait and Qatar. signed an agreement with Angola to increase oil purchases, further during a visit to Rio last week by strengthening its ties with black Af-Pedro de Castro Van Dunem, the Angolan minister of production, An economic agreement reached had political as well as economic in Rio de Janeiro last week will

double Brazilian oil imports from mer Portuguese colonies. Today, Brazil is an industrialized Angola to 20,000 barrels a day. For its part, Brazil will extend a \$100 million line of credit to finance Angolan imports of Brazilgoods, including arms, and has ian manufactured goods, it was ancontractors with international experience building highways, dams The agreement on increased oil and railroads. Angola depends purchases from Angola came as heavily on oil exports.

"Brazil has been asleep toward

raised concern over oil supplies Africa," said Mr. Van Dunem before flying home to Luanda. "It is from that region. Brazil is importtime Brazil began to invest in Africa as a contribution to its own The deal with Angola, reached The Angolan minister delivered

Cuban military involvement in its significance for two countries that hostilities with the South Africahave historic and ethnic ties as forbacked UNITA rebels. Brazilian press accounts, which could not be officially confirmed, said Mr. Van Dunem had also discussed the purchase of Brazilian

armored vehicles. Mr. Van Dunem signed an agreehealth technicians to go to Angola. ward Pretoria.

an invitation to President José Sar-

ney to visit Angola, a "front-line"

African country that has accepted

troops from Angola and an end to U.S. aid to anti-government rebels. The Angolan rebels are backed

estimated 35,000 Cuban troops in

Talks between the U.S. assistant

breakdown in talks between Angola and the United States would not prevent further cootacts between Pretoria and Angola.

THERE'S ONLY ONE GIN FOR THE WELL-INFORMED

# Allies, Fearing Terrorism, Exclude Iranian Officials From West Berlin

BERLIN - The Western allies barred a number of Iranian diplomats and other officials from West Berlin over the weekend against a background of growing concern that U.S. involvement in the Middie East could provoke guerrilla

The United States, Britain and France, the allied military administrations in charge of security in the city, issued a decree Saturday effectively excluding 10 to 20 officials of the Iranian Embassy in East Berlin and Tehran's consulate in the western sector of the city.

An allied spokesman would not say how long the officials in West Berlin were given to leave the city. But one security source said they would have to be out by Tuesday. We don't take measures like this without believing there's a terrorist danger," one allied source said. "We must bear in mind La

killed three persons and injured more than 200 in the La Belle dis-U.S. military contingent in Berlin.

Berlin, Hamid Reza Assefi, dis-

missed the allies' action as absurd

conflict with Tehran's revolution-"In our eyes and the eyes of a billion other Moslems, the terrorist center in West Berlin.

government is the Reagan adminis-tration," he said. "What they say about us is absolutely untrue."

The decree made no specific allegations of guerrilla plans, but secu-rity sources said fears of a bomb attack had grown since Tehran blamed Washington for clashes in Mecca in which hurdreds of Iranily valid for both East and West an pilgrims were killed. Iran has Berlin, cannot be enforced for the

Just over a year ago a bomb ships escorting Kuwaiti tankers in

Washington accused the Libyan cotbeque, a popular meeting place Embassy in East Berlin of smugfor members of the 6,000-strong gling the bomb used at the discotheque over the border and issued The Iranian ambassador in East an order, still in force, that excludes Libvan diplomats from the Western sector.

and asserted that it was part of a In November, officials of the global U.S. plot aimed at stoking Syrian Embassy in East Berlin, except for the ambassador, were excluded after Damascus was implicated in an attack on an Arab social

> A body called the Berlin Kommandatura, set up by the U.S., So-viet, British and French authorities in 1945 to rule the occupied city, sed the bans.

Moscow walked out of the Kommandature in 1948, which means that its rulings, though theoretical-

# **CONVOY:** U.S. Cites Support

(Continued from Page 1)

sive line" but had not recently put them in the path of U.S. warships escorting Kuwaiti tankers.

"We have had mines in the Persian Gulf because it is a war zone. and the Iraqis have laid it, we have it," Mr. Rajaie-Khorassani

Mr. Weinberger said that recent U.S. minesweeping efforts following the mining of the Bridgeton had his top advisers have said repeatedturned up other mines.

"We destroyed mines outside Knwaii harbor," he said. "We don't know if the those specific ing to "moderates" in Iran. But a mines were owned by Iran, but we rescue mission that took advantage have every reason to believe they of an arms deal would have height-

Operation Martyrdom, and report- lives of any Iranians associated ed that its fleet of speedboats was with the operation, according to ready for suicide missions against one of the U.S. participants in the

Mr. Rajaie-Khorassani said, They are not all suicide-oriented boats," and he denied that Iran engaged in terrorism.

Iran has also pledged to stage attacks against U.S. targets around the world, including within U.S. borders, and has blamed the United States for the Mecca rioting. To call what we do for our do-

fense 'terrorism' is a very nasty way of explaining it." Mr. Rajaie-Khorassani said, calling the U.S. role in the region "very irrational" and

"very explosive."
Mr. Weinberger said that the Iranians themselves "were responsible for the carnage at Mecca." "The Iranians are not rational."

he said. "They break every code in the world. They do that whether you have your might on display or (UPI, AP) you don't

Talks on Arms Embargo The United States bas begun new consultations on a resolution at the United Nations Security

Council that would seek to impose according in State Department of ficials. The New York Times re-

The speaker of the Iranian Majlis. Hashemi Rafsanjani, said in an interview released Sunday that curtailed, United Press International reported from Bonn. He told the West German news-

paper Die Welt: Naturally we are interested in the strait being kept open," be said. 'Our position is simple: If we can't use the Gulf for oil exports then we

# RESCUE: Initial U.S. Efforts in Iran Included a Counterterrorism Plan

(Continued from Page 1) Mr. McFarlane's reference was to

the possible rescue attempt. According to the notes, Mr.

McFariane said at the luncheon "self-financing" entity that would meeting that, after Mr. Weir's release, the hostage release program covert projects. was "not going anywhere" A source close to Mr. McFarlane said the former national security

appropriated U.S. government adviser had no recollection of the money and thus would not necesluncheon meeting. sarily be subject to U.S. laws or President Ronald Reagan and congressional oversight.

ly since the arms sales were exposed in November that a main U.S. motive was to create an openened the mistrust between the two Iran recently completed four countries and could have endangered not only the hostages but the

> The financing of the September 1985 TOW sales by Israel, which made clear that Iran was willing to pay far in excess of cost, created large profits that would be available for other purposes, and thus provided a model for what later became the diversion of such proceeds in aid the contras, as the

hostage negotiations.

· Colonel North's notes and testimony from the Iran-contra hear- dal, but we can bomb Libya and congressional committees.

ideas for use of such proceeds may have been in the area of U.S.-Israeli lation to Mr. Casey's vision for a

be able to conduct "off-the-shelf" These, Colonel North argued, would not have been funded with

The initial arms shipments took place amid mounting White House concern and frustration over terrorism, including the June 1985 hi-jacking of TWA Flight 847 and the October 1985 seizure of the Achille Lauro cruise ship.

Colonel North, according to former colleagues, was impressed with the direct tactics of the KGB after three Soviet diplomats and a doctor were seized, and one of the diplomats slain, in the autumn of 1985 in Berrut. The three survivors were released in December after the KGB seized relatives of the captors, tortured and killed one of them, and threatened in do the nel North suggested that Mr. Ressame with the others.

Nir, the Israeli expert, as early as ered a partial shipment of Hawk

notebook entry, Mr. Nir called ing U.S. hostages.
Colonel North. "Regarding the first 504," the colonel wrote in a military olanning to reference to the September 1985 TOW shipment, "it was agreed that the 5 was used for other purposes. This appears to refer to the fact that somebody in the U.S. government had authorized Israel to use part of the \$5 million from Iran for something other than missile re-

During Mr. Nir's visit to Washington just before thet, the Israeli counterterrorism specialist indicated the desire to use the residuals, or profits from future arms sales in Iran, "for other activities." Colonel North told the Iran-contra panels. He said he had "sought approval from my superiors for those operations" and had discussed them with Mr. Casey.

On the twe of a Sentember 1986 visit by Prime Minister Peres. Cologan be briefed on certain "sensi-"It's necessary to attack terror-ists directly, but U.S. laws on the books make that difficult to do," books make that difficult to do," that these initiatives were paid for said a North colleague last week. by arms sales proceeds, provided "It's illegal to assassinate Abu Nidetails at a closed session of the

ings suggest, however, that the first kill some mnocent people to make . The military rescue option was considered in June 1986, immedia point against terrorism."

considered in June 1980, interpretation of Tehran ately after a delegation in Tehran ately after a delegation in Tehran otebooks, had dealings with Mr. headed by Mr. McFarlane delivered to the historical of Hawk antiaircraft missile parts but failed On Jan. 7, 1986, according to a m secure the release of the remain-

On June 6, Mr. Reagan approved military planning to rescue the hostages, and Rear Admiral John M. Poindexter, Mr. McFarlane's successor as national security adviser, asked Mr. Casey to intensify efforts to locate them, according to the Tower board.

Admiral Poindexter wrote Colonel North: "I am beginning to think seriously about a rescue offort for the bostages. Is there any way we can get a spy into the Hayy

He added: "Over a period of time we could probably move covertly some people inm Yarze."

Both areas are in the immediate outskirts of Beirut.

According to the Tower board, Colonel North noted that Richard Second, a retired air force major general who was a main figure in the affair, had been working with Mr. Nir and "now has three people in Beirut and n 40-man Druze force working for us. Dick rates the posas 30 percent, but that's better than

# OPTIONS: U.S. Ponders Responses to a Raid by Iran

an coastal targets. Marine artillery specialists could be slipped ashore to direct the gunfire, so there would be no repetition of the failure to hit most targets in Lebanon in 1983.

The battleship Missouri is expected to arrive in the Arabian Sea by mid-August, along with six oth-

Since naval officers oppose sending a battleship into the Gulf's confined waters, the Missouri's buge 16-inch (400mm) guns may not be fired. But the ship is armed with Tomahawk cruise missiles, which could be fired from far at sea at targets 500 miles inland.

Another possibility is that cruise missiles could be fired from submarines in the Arabian Sea. The Iranians would never know where they had come from.

The Navy does not disclose submarines' movements, but it is standard for at least two of them to accompany an aircraft carriet. Many of the submarines have been armed with Tomahawks,

While retaliation might be relatively simple, a larger military op-eration would be extremely difficult if an Iranian invasion of Kuwait or Saudi Arabia prompted a request from their governments for sustained military support.

Marines could be flown in and then pick up arms aboard ships that would have sailed to the Gulf from Diego Garcia. Paratroopers could reinforce the marines.

row corridor on the west coast of

supplies in the region.

way around the world from the United States. U.S. armed forces lack air and sea transport to sustain

operations in that part of the world But the mission would be diffi-cult. The Strait of Hormuz is half-privy in the Joint Chiefs' thinking.

A greater difficulty would arise from an attack of ambiguous ona flow of troops, weapons and supplies, and the United States lacks embassy or an explosion aboard a fishing boat that had sidled up to an American warship.

# REAGAN: U.S. Supports Accord

#### (Continued from Page 1)

want to be seen as the only voice against the plan in the face of a consensus among leaders in the re-

The officials said Mr. Wright's role in formulating the plan ap-peared to have given impetus in the talks in Guatemala. That accord. the leaders of Guatemala, El Salvadoi, Honduras, Nicaragua and Costa Rica, was the first signed

agreement after almost four years of negotiations. "This is a test of the Latin democracies," an official said. "They have claimed that we should back off and leave it to them to force the Sandinists to democratize and de-

es; now let's see the action." Left unsettled, and certain to be The terrain would favor U.S. administration will do about seek-

by Congress last year expires Sept. 30. The Guatemala plan calls for a

cease-fire in begin by Nov. 7. Mr. Wright said Friday that be saw bittle reason to vote on further an arms embargo on Iran for its military aid while the peace process continuation of the war with Iraq. gion and Democrats in the Conwas moving forward.

Mr. Wright said, however, that be would not rule out the possibili- ported from Washington. ty of allowing humanitarian aid for Threat by Rafsanjani the rebels while the peace talks pro-

Another important issue to be settled is the role played by the Tehran would close the Strait of contras in talks leading up to a Hormuz if Iranian use of it was

Adolfo Calero, a contra leader, said last week that he would not agree to a peace made by Nicaragua and the United States "over the militarize. We've heard the speechheads" of the contras.

Neither the administration proa major issue, is what the Reagan posal nor the Guatemala accord will close it. Why shouldn't we administration will do about seek-calls for direct involvement of the close it then? That is our answer: forces, since the invasion route ing further aid for the Nicaraguan contras in negotiations toward a Either the strait is open for all or from Iran to Saudi Arabia is a nar- rebels. The \$100 million approved

# Many Look Twice

CHILE:

market economic policies continue.

whatever the government. Mr. Ayala said be was confident that the military intended to keep its word and gradually return Chile

to democracy. I have tremendous respect for the Chilean armed forces," he said. They are committed to lead the country to democracy, and if they are committed, they will do it, no

matter who the next president is." Mr. Ayala, who has said that he does not favor dictatorships, appeared careful to make clear that his faith was in the armed forces as a whole, not necessarily in General

Several businessmen said they favored the proposal advanced by the three other military command ers - most clearly by General Fernando Matthei, the air force commander - to name a civilian candidate, General Matthei reportedly hopes such a candidate could

The military leaders are supposed to nominate the candidate manimously 30 to 60 days before the vote. If the commanders cannot agree, the decision will be up to the broader National Security Council. -. In the interests of armed forces unity, however, it is expected that

either General Pinochet will per-

suade the three commanders to

be selected with consensus support.

support him or that they will win him over to another candidate. The leader of an organization of small-business people who requested that his name not be used said he thought it was too soon for open elections in Chile. He also said that he would prefer "a civilian backed

scile and that be would vote against

General Pinochet.

CHAD:



Patricio Aylwin

# Chile Politician Seeks Free Vote

MADRID - Patricio Aylwin, the newly elected leader of the main Chilean opposition party, the Christian Democrats. says he is seeking talks with his country's military rulers to bring about democratic elec-

In an interview published Saturday in the Spanish newspaper El Pais, Mr. Aylwin said te hoped to persuade the armed forces to drop plans for a chosen by the military would succeed General Augusto Pinochet as president.

"Apparently, the aimed forces don't want to perotiate at the moment," Mr. Aylwin said, "but this may change when we have five or six million voters registered in an electoral mm.

#### PARIS: The Big Guns Stay Home the rest of the country August is a vivid illustration of Sartre's state-(Continued from Page 1) Sissinghurst Castle gazing at V. Sackville-West's white garden

through dark glasses, the publishing trade is already hyping its auturnn lists.

"Publishers and writers with books coming out in the fall are making the rounds of dinners with journalists in order to start the famons bouche à l'oreille, or word of mouth," Mr. Labro says. "The Pa-risian bouche à l'oreille begins in

Another event that begins in Angust is the annual series of price increases announced by the gov-ernment in the hope of catching consumers snoozing in the sun. The process began on Aug. 1 when postal rates increased by 2.4 per-cent, followed two days later by n rise in the price of cigarettes.

If price increases are a national event, on the Paris scene each August it is traditional for a big film to be shot that requires chase scenes over empty streets. This month it is a Roman Polenski thriller starring Harrison Ford.

To service the new trendy August stay-at-homes, many of the better Paris boutiques have stayed open in the hope of recomp losses on disastrous June and July sales figures. Favorite media restanrants such as Edgard on the rue Marbeuf and La Gauloise on the main open. Hotel restaurants and café terraces are favored by sommer bachelors.

city, a bachelor's city," Mr. Labro says, "which means that there are

ment that hell is other people. It is a moment when newspaper headlines fall into the language of a military campaign and July 31 is called D-Day or Jour-J. "Twenty-seven million Frenchman leave on vacation, 8,000 will not return, one headline claimed, in effect sounding taps before reveille.

It has been estimated that the French devote one-twelfth of their budgets to vacations. Still, 50 percent do not go away at all. They are assumed to be farmers, the poor, the aged and immigrant workers who might not feel all that cozy on a Breton beach. · To the French the summer vacation is the high point of the year, in effect more than a constitutional right because while no one has read the constitution everyone knows about the law of 1936 that created the compe pape. The economic con-sequences of the country's shutting down for the month of August are

grave and, it appears, beyond cure. Pointing out that 70 percent of French industry closes up shop in August (automobile production alone drops by 80 percent), Le Monde had an article last week on the failures of sensible attempts to spread vacations over a period of several months.

One of the most energetic comavenne de La Motte Picquet, which batants of the August shutdown also attracts political figures, re- was André Henry, minister of temps libre, or leisure time, in 1981-83. Mr. Henry, a Socialist, published a meteorological study that "Paris in Angust is a husband's showed June was the sunniest month of the year and called the French August an economic aberall those polls in newspapers and ration. But he was unable to change magazines about are the French his countrymen's habits. The only faithful in Angust. And of course new shittlown that occurred was While what the French like to has put under the department of call le happy few remain in Paris, for tourism.

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italy:	Lire	380,000	210,000	115,000	Lire 756	Lire 275,200
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Netherlands	Fl.	650	360	198	FL 1,21	FL 440
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Portugal	Esc.	22,000	12,000	6,600	Esc. 64,56	Esc. 23,500
Spain*	Ptas.	29,000	16,000	8,800	Ptes. 55,33	Pus. 20,140
Sweden*	S.Kr.	1,800	990	540	S.Er 3,05	S.Kr L,I tO
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# ARMS: Soviet Puts Missile on Rail Cars, U.S. Aides Say

Town Recaptured

(Confirmed from Page 1)

could be used to launch attacks against Chadian forces. Military observers said Chad would probably not be able to retain total control of the region until

the Libyan base, guarded by sever-

al thousand troops, was conquered. In Tripoli, Libyan radio, moni-tored by the BBC, said Chadian forces had attacked the Accou region, describing it as being inside Libyan territory, and it threatened retaliation for "this aggression."

The radio said the attack had been carried out with the help of "imperialist forces," a reference to the United States and in France, which has 1,200 troops in southern Chad with a squadron of jet fighters available to protect the southern capital.

The announcement of the Chadian victory, the first major military action since Chad gained control of most of northern Chad in late March, was greeted with demon-strations in Ndjamena.

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(Costinued from Page 1) oloyment should be regarded as a sobering" development. One official said that while some U.S. intelligence experts dispute

the Heims assertion, "the preponderance of the intelligence community believes that the Soviet Union has begun deploying the rail-mo-bile SS-24." The SSX-24, in development for tryside. The SS-25 is a single-warmore than a decade, can carry up to 10 independently targeted nuclear 10 independently targeted no

Mr. Helms was seeking to discredit an expected move by Senate Commission on Strategic Forces, Democrats in require through legislation that the United States admired by Brent Scowcroft, a former national security adviser,

. He said that he had obtained attraction of striking first when agreement from 'key intelligence, conflict seems imminent. defense and national security au- But the Reagan administration

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sentially correct," and that the do-missiles with multiple warbeads. The United States ceased observ- treaty constraining strategic nucle-

ing the SALT-2 treaty late in 1986 ar arms that is presently under nein response to alleged Soviet viola- gonation in Geneva. tions of other treaty provisions. The Soviet Union previously deployed another mobile strategic nu-clear missile known as the SS-25, designed to be launched from

head missile.
The United States has just begun warteads, the Pentagon says. Its range of 6,200 miles (10,000 kilometers) enables it to reach all major U.S. military targets via polar transcriptions.

The Reagan administration's here to the 1979 SALT-2 treaty so urged that both superpowers shift long as the Soviet Union remains in to mobile, relatively untargetable, land-based missiles to lessen the

thorities" that some SSX-24s has argued that Soviet compliance should now be accountable" un with limitations on mobile missiles

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der the treaty's limit on land-based would be so difficult to verify that none should be permitted in the

Several U.S. officials challenged Mr. Helms's allegation of a serious new Soviet violation of the SALT-2 treaty. They asserted that the Rustrucks that roam the Soviet coun-number of SS-17 missiles to make up for recent deployments of the

SS-24 and a new missile-carrying Typhoon submarine.
The officials said that Mr. Heim's assertions were technically correct, however, because the Russians had not yet blown up the old SS-17 siles as required by the treaty, even though the missiles had been withdrawn.

113 Die in Floods in India

United Press International NEW DELHI - Freak monsoon floods have killed at least 113 people across Intha while droughts in other areas cansed by unusual weather patterns bave ruined crops, officials said Saturday.

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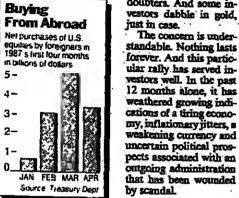
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# New Buyers In an Old Rally

UGUST has become a month of reflection for Wall Street in recent years. With the bull market in U.S. stocks five years old this. month, the time seems unusually appropriate for asking the agonizing question of how much longer the good times will roll.

The debate has a familiar ring to it. Media pundits worry that stock prices are running far ahead of economic reality. Brokerages issue reams of upbeat

eports to reassure doubters. And some investors dabble in gold, just in case.



weathered growing indi-cations of a tiring economy, inflationary jitters, a weakening currency and uncertain political prospects associated with an outgoing administration that has been wounded by scandal. Still, the Dow Jones

industrial average has climbed more than 30 percent since the start of the year. And the outlook remains favorable. As investment strategists celebrate the bull market's traditional August anniversary, many believe most of the good

al August anniversary, many believe most of the good times are behind us, but are far from over.

Strong corporate earnings, experts say, will sustain the rally. The dollar's decline has not only improved the export capabilities of U.S. manufacturers, but also forced American industry to go through a painful restructuring. Now, that the dollar's fall has done to the export of the companies on the control of the companies of the control o slowed, so the argument goes, U.S. companies are about to reap the benefits of a newfound competi-

QUALLY important, however, is the willing-ness of foreign investors to accept this reason-ing. Since Jan. 1, their presence has become an increasingly important element in supporting the

Even though the degree of foreign influence is nowhere near the dominance it achieved in Europe in 1985 when Continental bourses were propelled to record levels and then abandoned, a growing oumber of American analysts believe their participation in the market could make the difference in the months

to come.

"It's critical in sustaining the rally, says Steven, Einhorn, chief investment strategist at Goldman,

Adds John Coulon, head of equity research and trading in New York for Nikko Securities, one of the big four Japanese brokerages: "There's no doubt that it's a new part in the equation."

Foreign investors turned lukewarin to U.S. stocks toward the end of last year — net purchases totaled \$400 million in the final quarter, a paltry sum compared to \$4.7 billion in the previous three months, according to the U.S. Treasury Department.
Opinions changed in 1987, however. Prospects of

better earnings, more reasonable price earnings mul-tiples and a general feeling that the dollar's long decline has just about run its course apparently rekindled faith in the U.S. market.

Net purchases of stocks jumped to a record \$9.8 billion in the first quarter. In fact, foreigners were bigger investors than U.S. oension funds, traditional-

ly the market's mainstay. By far, Japan has been the biggest source of funds, accounting for more than a third of the first quarter total Japanese investors have grown wary of their huge holdings in U.S. Treasury bonds and have turned increasingly to equities, a process that shows no signs of slowing.

ET the Japanese, after some concern about the dollar's shakiness in April, poured another \$2 billion to \$3 billion into U.S. stocks in June, according to preliminary data compiled by the Ministry of Finance in Tokyo. Moreover, Nikko's Mr. Conlon says he recently has noticed more cash-rich Japanese institutions entering the U.S. market.

Of course, if the dollar resumes a downward spiral,

the Japanese will have second thoughts. But a more immediate concern may be the health of the Tokyo Stock Exchange. The market is already displaying signs of fatigue, and a oumber of analysis fear that a sharp correction could so unnerve Japanese institutions that they would quickly try to raise cash by selling stocks in New York, as well as Tokyo, a move that could trigger the end.

"If the Tokyo market were to crack open," says Goldman's Mr. Einhorn, "the effect in New York: could only be bad." John Meehan

# UPDATE

# **Gold Strategy**

INDING value in gold stocks is getting tough. Earlier in the year, investors bought up shares in gold-mining companies in the United States, Canada, Australia and South Africa as a hedge against the widely perceived risks in the stock and bond markets [Personal Investing, April 13], Such popularity drove prices beyond sensible levels, prompting some portfolio strategists to recom-

mend gold coins instead. But Jack Jones, a Phillips & Drew analyst in London, says it is premature to abandon the sector entirely. He believes gold prices will reach \$500 an ounce by the end of the year as the metal continues

the geotie climb that began in 1985. "The downside risk is less than 25 percent," he says. Mr. Jones acknowledges that many of the established gold mines remain overvalued despite a selloff of a couple of months ago. Instead, he says, investors should hunt for gold-mining companies that are expanding operations, Increased production, he argues, is bound to translate into bigger earnings as gold prices rise. "Each market has its own cheap [gold] stocks," he says. Mr. Jones cites Newmont Mining in the United States as a good example. "It is tremendously undervalued." In Australia, he likes Placer Pacific.

# Wine Investors Cautiously Await the Harvest

A modest crop of quality would help restore interest in a shaky market

By Jacques Neher

T is still two months before the lush vineyards at Château Margaux will yield the first drops of wine for vintage 1987, but Paul Pontallier, the 31-year-old manager of the estate, already can promise at least one thing: There will be less of it than

last year.

The heavy and constant rains of June, he explains, pointing to clusters of unripened, green merlot grapes, affected the flowering of the vines. The result was coular, a malady whereby unpollinated grapes do not develop and simply fall off the vine.

Still, it could have been worse. We were quite

afraid in June that the rains would cause millerondage." says Mr. Pontallier, who holds a doctorate in oenology, or wine making. He is referring to another condition in which the grapes still develop, but with-out seeds and therefore do not mature correctly. "We were pleasantly surprised."

About 15 miles (24 kilometers) down the road in the prime Médoc region, Philippe Cottin, who has run Château Mouton-Rothschild's wine-making operation for the past 30 years, concurs with his young competitor, although be is more philosophical.

"In 1985 and 1986, we had too large a vintage," Mr. Cottin says, "If we had another one in 1987, the vines might have suffered So God made in 1987, the vines

might have suffered. So God made us lose some quantity. We have to accept Mother Nature."

Accepting Mother Nature will be difficult for wine connoisseurs. Some experts believe this year's wine production could be between 20 percent and 30 percent smaller than last year's. Prices are bound to rise. But it is perhaps the cheeriest news that investors in about 25 investment-grade Bordeaux wines have had

For the past few years, the wine market has been reeling from a combination of an oversupply of very good wine and a weakening dollar that has all but dried up American interest in wine investments. De-canter magazine's index of auction prices for 60 Bordeaux wines climbed only 11 percent last year com-pared with 33 percent and 23 percent in 1985 and 1984, respectively. So far this year, the index has risen

Most of the châteaux producing investment-grade wines a few months ago were forced to roll back prices between 10 percent and 15 percent on their 1986 vintage, even though some believe that vintage may be among the best of the decade.

For Mouton-Rothschild and Marganz, both classified as premier grand crus, or first growths, their 10 percent price reductions to the negociant or broker, meant a drop to 180 francs (\$30) a bottle, from 200 francs last year oo the 1985 vintage.

"In dollar terms, the 10 percent reduction still represented an increase, but for such a great vintage, that was a lot," says Corinne Mentzelopoulos-Petit, who manages the business affairs of Château Mar-gaux, which her family bought 10 years ago. She said Marganx and the other first growths did not need to cut prices, but did so in consideration of the American

Continued On Page 8



# **BORDEAUX:**

Paul Pontallier, estate manager at Chateau Margaux, inspects clusters of merlot grapes that will be pressed, fermented and blended.

# California Comes Alive

By Alex Barnum

Napa, California
EARS of hard work, determined marketing and a lot of inventive talent in the vine yards went into convincing consumers of the quality of California wine. But in the end, it took the legislature in Sacramento to transform it into an investment opportunity.

Up until last year, the Alcoholic Beverage Control Act, a relic of Prohibition, virtually outlawed a secondary market in California wine by making it illegal for individual collectors to resell bottles of wine. In fact, only when collectors died could auction houses and wine merchants dispose of collections.

California lawmakers, under pressure from the wine industry and excited by the prospect of new tax revenue, decided to ease the restrictions in 1986. Now, individuals can sell white or sparkling wines that are at least five years old and red wines that are 10 years or older. The age minimums exist so that consumers do not compete with the wholesale and retail business.

The revised law has already transformed avid collectors into investors, while creating a brisk business for vintage wine retailers and auction houses. The law specifies that wine can only be resold to licensed brokers, who are more than eager to earn commis-sions. This year, Butterfield & Butterfield Anctioneers in San Francisco will hold six major wine auctions, compared with half that many a few years ago.

"People are cashing in a lot of their older wines," says Stephen Gilbertson, general manager of Draper & Esquin Wine Merchants in San Francisco. As many as 20 collectors a week have flooded his office with lists of their collections and have asked the company to market them.

Still, investors should keep in mind that the market while improving, remains narrow when compared Although California wines have gained acceptability in Europe since they were introduced there in the mid-1970s, foreign investors and collectors still regard them as little more than a curiosity, says Robert Parker, editor of The Wine Advocate, a Parkton, Maryland, newsletter that tracks the wine industry.

"With the English, the Americans are sort of the Johnny-come-latelies," and expensive ones at that, Mr. Parker says, But in France, he adds, "the competition is so enormous that they can't do well." Indeed, California wines even have trouble infil-

Continued On Page 8





NAPA VALLEY: Bernard L. Rhodes, proprietor of Heitz vineyards's Bella Oaks label, checks a wine's clarity and color.

# Two Ways to Play the China Card

By Patrick L. Smith

commercial opportunity. Translating that view into an investment strategy, however, is not much easier now than in the past. of the real cowboys. A weak economic infrastructure, a confusing bureaucracy, the nagging issue of political succession and a vulnerable modernization policy promoted by Deng Xiaoping are just a few of the

No one is more aware of the difficulties of playing the China card than Jonathan L. Compton, managing director in Hong Kong for Baring International Iovestment Management Ltd., and David Harding, a director of Thornton Manage-ment (Asia) Ltd. Both men guide investment vehicles whose primary goal is to find ways to

The Continuing Boom

in New Issues. Page 10

BUFACES (SELECTION OF SELECTION OF SELECTION

'Along with Brazil, China OR centuries, adventurous foreigners have viewed China as a land of vast is possibly the last home

-David Harding

cash io on China's ambitious development plans. "What excited us was the very significant shift China has made in its approach to managing enterprises," says Mr. Compton, referring to the rise of privately owned businesses and increased autonomy for state-owned enterprises. "And we still believe this is the most important develop-

This copy of a Norman Rockwell painting

is sold by Xerart, the best-performing

new issue of 1987's first half.

Reflecting such bullishness, Mr. Comptoo set

up the China & Eastern Investment Co. in late 1985. Listed in London and, since last January, in Hong Kong, the investment trust enables investors to participate in direct equity positions in mainland enterprises.

So far, Mr. Compton has bought into seven such ventures, ranging from a foie gras farm in Guangdong Province to a granite quarry, a trading company, a film production unit and a safelt is oot, Mr. Compton acknowledges, an ap-

proach recommended for the overly cautious. In his first few months of operation, hundreds of would-be partners trooped through his office with entrepreneurial proposals that can only be described as oddball. These ranged from hotel investments and mas-

sive mining projects, Mr. Compton says, to some "very weird import-export ideas." One would-be entrepreneur offered China & Eastern exclusive rights to the mainland's copper exports, for in-stance, in exchange for a few million dollars of investment in a proposed smelting operation.

"I've learned that along with Brazil, China is

possibly the last bome of the real cowboys," the 31-year-old fund manager muses.

Mr. Harding has taken a somewhat different approach. The Hong Kong and China Gateway Fund, launched in March 1985, is a unit trust intended to focus on foreign companies positioned to benefit from China's economic development either through trade or participation in mainland projects.

There's oo such thing as a direct play on China," Mr. Harding, 26, says. "Even il you could invest directly, it's far too early to do so." The Thornton and Baring strategies are not,

however, miles apart. For one thing, Mr. Harding has just invested about 3 percent of the Gateway fund in Rockhaven, China & Eastern's duck and goose pâté farm, as part of a refinancing that Mr. Compton completed in June.

For another, both operations took roughly the same approach in their earlier days. Reflecting the consumer boom that swept the mainland several years ago, Mr. Compton and Mr. Harding

Continued On Page 9

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# Wine: A Glut and a Weak Dollar Have Eroded Returns

# A new California law eases the rules on reselling wine

Continued From Page 7

trating markets in the United States. Major cities along the East Coast, like New York, are actually larger consumers of French wines, Mr. Perker says. But this phenom-enon is cyclical and fluctuates with the changing exchange rates.
Currently, "the market is definitely soft for French wines" and
American collectors and investors are staying closer to home, he says.

Although brokers are constantly on the lookoul for great vin-tages, only a handful of California vineyards have consistently produced widely recognized, invest-ment-grade wine. The classic success story is the 1951 Beaulieu Vineyards Georges de Latour Pri-vale Reserve. The wine sold at a Butterfield suction in June for \$935 a bottle, the most ever paid al the auction house for a bottle of

"Il may be the best California wine ever made," says Dr. B.L. Rhodes, proprietor of Heitz's Bel-ia Oaks label and a well-known collector, who recalls buying the wine at \$15 a case in the 1950s. Vintages in 1951 and 1958, he notes, were exceptional for Beaulieu Vineyards, Inglenook, Louis Martini and Charles to the week. Martini and Charles Krug, "the four mainstays of the California

The highest price anyone can recall for a California wine was \$2,100, paid in 1983 for a bottle of 1936 Beaulieu Vineyards Private Reserve. By contrast, the record for a French wine was \$148,000, broker the wine elsewhere.

bottle of 1787 Château Lafite believed to have been ordered by Thomas Jefferson.

Except for a few Chardonnays from vineyards such as Sonoma-Cutter and Stony Hill, wines made from Cabernet Sauvignon, the same grape used to Bordeaux, are the only ones considered worthy

A study of 300 Cabernets from premium California wineries George Schofield, a wine instry consultant, found the overall average annual rate of return on wines made between 1968 and 1981 was 19.3 percent. While prices for wines up to seven years old performed below average, prices for wines more than seven

Still, collectors and iovestors have been taking greater interest in younger wines lately oow that the revised law has uncorked a oew supply of older wines and softened their prices. Mr. Schofield has launched one

of California's most innovarive wine lovestment programs. This year, he plans to buy 1983 Cabernet as it comes out of the casks at eight selected California vineyards and age them until 1993 io a humidity-controlled warehouse.

lo this "wine aging program," Mr. Schofield offers investors 80case units - 10 cases of each of the eight wines - at \$11,000 a piece. When they mature, investors can take delivery, sell the wine back to Mr. Schofield at an agreed-upon price or have him

and Beaulieu Vineyards and some quality upstarts like Clos du Val and Chappellet Vineyards. Meanwhile, Robert Mondavi

last March became the first large vineyard to start a more traditional wine futures program by offering 10 percent of its 1985 and 1986 Napa Valley Cabernet Sauvignon Private Reserve to investors before it is bottled. Some wine experts have taken a

wines." Mr. Schofield explains.

The selection includes some old

standards like Robert Mondavi

dim view of some of the recent programs, especially when they in-volve big, well-known vineyards. Many of these wines, they caution, will be widely available at release time. Mr. Parker of the Wine Advocate goes even further. None of the futures programs, he says, are attractive enough for investors because of the relatively narrow mar-ket for California wine. "There is a glut of fine wines in the market," he says. "You just don't have enough demand for these wines" to justify investing money in a

Warren Winiarski, owner of Stag's Leap Vineyard, among the casks.

futures program. For some, futures contracts of-fered by California's small vineyards are more alluring. The risk, of course, is greater. Like buying stock in a start-up company, an investor can never be sure that a new vineyard will be around next year. And the industry is still finding out how well these wines age.

The number of wineries in Nana Valley alone has blossomed to 155 this year from 65 only seven years ago, the Napa Valley Vintners As-sociation says. More than three quarters of them make a Cabernet and many of those Cabernets, according to wine collectors, are good quality and in extremely short supply. Stag's Leap Vineyard, founded in 1971 by Warren Winiarski, of-

fered a futures program to Lon-don investors in 1985. Other small vineyards have made similar offer-

Draper & Esquin's Mr. Gilbertson also recommends lesser known vineyards, such as Laurel

Bordeaux growers even cut prices

Continued From Page 7

market and as "a gesture that we were willing to share lesser margins with the negociant."

Slightly older wines also are feeling the effects of the unstable market at the auction block. Michael Broadbent, wine division manager at Christie's in London, recalls that two years ago a 12-bottle case of 1982 Lafite sold from around £520 (\$832) to £700. In recent auctions it has fetched between £500 and £560.

Cases of 1982 Margaux have been averaging from £390 to £420, significantly lower than in 1985 when a case could go for between

In a way, Bordeaux has become a victim of its own success. We've had a series of excellent and plentiful vintages, with only two off years out of the last 10," says Mr. Cottin of Mouton-Rothhild. "That's exceptional."

Moreover, an effort by châteaux owners to maintain price growth in defiance of the mounting oversupply situation exacerbated the market's problems. Many châteaux, mostly producers of the lower or middle ranges of the classified Bordeaux wines, engaged in a game of price leapfrog between 1983 and 1985. Négociants compounded the problem in 1985 by pounded the problem in 1945 by deciding to increase their margins, resulting in still higher prices. Then came the dollar's plunge. Americans, who consume perhaps

a third of Bordeaux's output and have been an increasingly power-ful force in the wine market, began turning away from wine investments as the dollar dropped from d'Estournel among the second around 10 francs in early 1985 to growths; third-growth La Lagune; about 6.25 francs at present.

Dennis Overstreet, owner of the Wine Merchant in Beverly Hills, California, says there has been little interest this summer in 1986 Bordeaux futures contracts for wine to be delivered two years later. "It's all ho hum," Mr. Overstreet says. "Last year we got a lot of phone calls before the futures Parker also gives high ratings to were even offered. I haven't seen Petrus, L'Arrosèe, Beychevelle, that cothusiasm this time Canon, Chambert Marbuzet, Che-

Even 15 percent price reduc-tions from Bordeaux have failed to the dollar's decline in the past year Haut-Brion, Montrose, Poujeaux, has wiped out any benefits. Sociando Mallet and Talbot.

At the auction house, it is much
the same story, according to Mr.

Broadbent of Christie's. "Many are over for investment grade fewer buyers are American than "wines in the foreseeable future; at" ever before," he says. For example, at an auction of polyane pipeline.

When best scenario is that the ple, at an auction of Bordeaux

90740. This monthly newsletter features regular reports on the status of older vintages and reviews of wines before they are bottled. A U.S. subscription is \$48 a year, and foreign airmail

Staying Abreast of the Market

There are scores of publications on wine, but here are a few of the better known sources of information.

The Wine Advocate, P.O. Box 331, Parkion, Maryland

most influential commentator on wine and the author of a

recent book on Bordeaux. The newsletter is published six times a year and rates as many as a few hundred wines in

every issua. U.S. subscriptions are \$28 a year, and foreign

The Wine Spectator, 400 East 51st Street, New York

reviews wines and features interviews with industry

Decanter, 2-10 St. Johns Road, London SW11. This

10022. This colorful tabloid, which is published twice a month.

personalities. U.S. subscriptions are \$30 a year. A six-month trial subscription cost \$11.95. Foreign subscriptions are \$75.

established British monthly reviews wines and spirits. It also features recipes and interviews with connoisseurs.

Subscriptions are £24 in the United Kingdom, £33 in Europe.

The Wine Journal, 4157 Banyon, Seal Beach, California

airmail subscriptions are \$50.

An U.S. airmail subscription is £60.

21111. This is the newsletter of Robert Parker, probably the

1986s will be sluggish and the of 1985s will flatten out," says Mr. Two years ago, he says, Americans comprised more than a third of the Broadbent of Christie's. Not surprisingly, in the absence of a sharp resurgence in inflation. many growers and wine investors are counting on a diminished 1987 harvest to stabilize the market. If

> vintages will be strong. If quality is lacking, however, demand for pre-vious vintages will likely improve. If the harvest proves bigger than expected, wine prices could suffer. In fact, a few experts admit to some concern over the possibility of a collapse in the market, as occurred in the early 1970s after a wave of panic-buying from inves-tors trying to beat high inflation. The large-scale dumping that fol-lowed pushed prices down to bar-

gain levels. "The cracks are already in the egg," says Mr. Overstreet of The Wine Merchant, "If the dollar gets weaker and proces go up a little more, you'll see that market stagger and come apart."

Mr. Broadbent sees another potential problem if wholesalers are forced to sell large stocks of 1985 or even 1983 vintage, "If the banks who lent money to these people see the value of their collateral going down, they may panic and call in those loans. There could be a stampede to sell wine and the. bottom would fall out," he said. But Mr. Armit is not buying

either scenario. "The top 21 wines account for only 400,000 cases. There is more interest from Japan in top quality wines, while Swit-zerland and Germany remainstrong markets. I can't believe people who wouldn't want to take

#### And despite the relative stabil-ity of the U.S. currency in recent weeks, experts still advise dollarbased investors to remain wary. "I understand the Americans' feelthe wine yield is smaller, but of good quality, the market for 1987 ings," says John Armit, president of John Armit Wine Investments Ltd. in Loudon. "I'd go very easy if I was dollar-based." As for investors based in other currencies, Mr. Armit believes 1986 wine from certain châteaux could show nice returns four to six

years from now, despite the mar-ket's current instability. His buy list includes Mouton-Rothschild, Margaux, Haut-Brion among the first growths; Léoville Barton, Pichon Lalande and Cos

Ausone of St. Emilion; and La

Fleur, Certan-de-May and Vieux Château Certan, of the Pomerol The list is largely in accordance with the preview ratings given the 1986 vintage by Robert Parker, a leading wine expert, in his news-letter, The Wine Advocate. Mr. val Blanc, Ducru-Beaucaillou, L'Eglise Clinet, Figeac, Gruad-Larose, D'Issan, Léoville-Las-

rekindle interest largely because

least until the market can absorb all the good wine currently in the

Cases, Lynch-Bages, La Mission-

For Investors, Timing Is Key

vestment is crucial and wine market. For the best returns, investors should enler the market at the earliest possible stage by purchasing wine futures from their local merchant. A wine future is a contract that

covers the purchase of a certain quantity of wine for future delivery, usually within one or two years. Merchants begin offering futures on wine that is still in the barrel — en primeur — in the spring after the châteaux have set their prices.

For example, investors who bought futures on 1985 Châtean Margaux when it went on sale in the spring of 1986 will be able to take delivery of the wine to be bottled later this fall or early in 1988. Of course, many others will never take delivery, having sold their contracts before the wine ever leaves the château.

The risk in futures is that the investor must buy before most professionals have had a chance to evaluate the vintage.

While significant appreciation does not usually begin until the John Armit Investments Ltd. in wine comes to auction, about four Londoo seeks clients with at least years later, there are instances, \$35,000 and preferably more than

HE timing of any in- such as with the 1982 vintage, \$100,000 to spend. In any case, he where many futures contract buy no more so than in the ers can double their money by the time their wine is delivered.

Although there are emerging secondary markets for other French wines, such as red and white Burgundy and Champagne, Bordeaux has traditionally been considered the best available wine for investment because of its classification system, worldwide popularity and the fact that it improves with age. Not all Bordeaux is investment-

grade, however. Seasoned investors, as well as connoisseurs, limit purchases to relatively few of the 7,000 châteaux in the Bordeaux region. Traditionally, "first growth" wines from the top five -Lafite, Latour, Margaux, Mouton-Rothschild and Haut-Brion have ensured high quality and

Some experts favor smaller châ-teaux that fall into the "second growth" category which produce substantially less than the 20,000 to 30,000 cases that big châteaux

produce each year.
Wine investing takes lots of cash and patience. John Armit of Londoo seeks clients with at least borrowed and it should not represent more than 5 percent or 10 percent of a total investment portfolio. Most experts advise investors to buy between five and 10 cases as a minimum.

Moreover, the investor should be prepared to wait at least four to six years to maximize appreciation of the investment. "Wine is not a liquid investment," he says. "It takes time to sell in order to get the right price.

Transaction costs can be steep. Merchants such as Mr. Armit charge front-end commissions. ranging from 15 percent to 25 percent. And for investors not planning to drink their portfolio, there are sales costs to factor in.

Christie's, for example, charges the individual seller 10 percent of the hammer price as its commission, as well as 10 percent from the

Moreover, there are shipping and storage costs. Mr. Armit says his clients pay about £1 (\$1.60) a from Bordeaux to Britain and £3.50 a case each year for warehousing and insurance.

Jacques Neher



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it will improve." In fact, he believes ECAD's earnings

will rise to 50 cents a share in 1988 from 37 cents this

He also likes Resource Engineering, a hazardous-

Aside from the investor's willingness to assume

waste management consultant that went public June

high risk, another basic consideration is the willingness of investors to bold small stocks during a long-

term rally that has largely favored blue chips. "If you're going to invest in these stocks long term, you have to ask yourself, When are they going to come

In addition, many experts urge potential investors in an IPO to examine the performance of other IPOs

executed by the underwriter over the past 12 months

or longer. A trend may emerge suggesting that the

underwriter repeatedly overprices issues, which can boost the client companies' market value and the

underwriter's fees but reduce investor's profit poten-

Ominously, perhaps, no IPO specialists queried

recently were aware of any major IPOs on tap for

later this summer. However, many expect AIDS-

related stocks to emerge as a leading theme.

5 at \$11.50. It is now trading around \$15.

back in favor?" says Mr. Klugel.

# Conflicting Signals for New Issues

By Phil Roosevelt

HE Xerart Corp. offered its shares to the public for the first time last April. The company had no sales, no earnings and still needed a complete market study. "We are very much a concept company," acknowledges Frank Pearson, president of the Markham, Ontariobased company

But substance often takes a back seat to a good dea, especially where the stock market is concerned. On the U.S. over-the-counter market, the price of Xerart's stock more than doubled by June 30 to \$7.50, making it the top-performing initial public offering of 1987's first half.

So what is the concept? Fine art for everyone. Xerart (pronounced zeer-art) produces detailed replicas of famous oil paintings, complete with raised brush strokes and oil-like surfaces, and expects to sell them to restaurants, hotels and the mass market for a retail price of between \$450 and \$900 each.

"You're bringing paintings out of museums and into people's living rooms," says Kenneth Gerbino, a Beverly Hills investment adviser who hailed Xerart as "Stock of the Month" in a June edition of his Investment Letter. "I usually don't write about com-panies with no sales or earnings, but I just love this

The market for initial public offerings has long attracted investors seeking winning concepts or undiscovered value, and recent times are no exception. In the first half of 1987, investors gobbled up about \$14.8 billion of stock in 308 IPOs in the United States, compared to \$8.8 billion in 283 IPOs during the same period a year earlier.

Some of the biggest were closed-end funds, includ-ing the biggest ever, the Nuveen Municipal Value Fund which raised \$1.5 billion in June on the New York Stock Exchange.

Whether the year-end tally will top last year's record \$22.4 billion is still a subject of debate among IPO specialists. The chief uncertainty, they say, is the outlook for Wall Street's bull market, which celebrates its fifth anniversary this month. While IPOs typically do well during rallies when investors' speculative appetites are whetted, they can fall fast during broad retreats, as last seen in 1983,

Norman Fosback, editor of the Fort Lauderdalebased newsletter New Issues, espouses the bullish case for IPOs, predicting that the broad market will climb 15 percent to 20 percent over the next six months. "I think this is an ideal time for individuals to look at IPOs," he says. "Individual interest will

beat up as the bull market continues." But Kevin Kimberlin, a vice president with the securines firm D.H. Blair in New York, is less sarguine. He predicts "a 400- to 500-point correction" in the Dow Jones industrial average, which could dry up investor interest, discourage companies from offering stock and clobber recently issued IPOs, "I think it's a time for extreme cantion in IPOs," he

Indeed, there are some worrisome indications that the market's demand for new issues is slowing. Only 52 percent of the IPOs were trading above their offering price by June 30, down from 66 percent for the first half of 1986, says Susan Gallant, editor of Going Public: The IPO Reporter, a New York-based newsletter. Only 43 percent of the new crop outper-formed the broad Standard & Poor's 500-stock index.

As a result, market participants say, investor enthusiasm for IPOs has dampened in recent weeks. 'Many IPOs are getting a cool reception," says Thomas Weisel, a senior partner at San Franciscobased Montgomery Securities. "In order to get the deals done, underwriters are having to price the deals al substantial discounts."

they can, of course, be a boon to investors with nerves for the fickle IPO market and time to shop around. "There are probably some good deals out there at prices significantly lower than what they might have been a few months ago," says Ms. Gallant.

Continued From Page 7

began by targeting Japanese com-panies — JVC, Hitachi, Sony and others — that could effectively ex-

tend mature product cycles by sell-ing into China or relocating capital

equipment there.

The other principal components
for both China & Eastern and the Gateway fund were Hong Kong companies with strong prospects to the north. Mr. Compton notes Hopewell Holdings, a property developer; Burwill International, a commodities trader, China Light &

Power, which sells about 15 percent of its output to the mainland, and Jardine Matheson, the diversified

"As with any concept, you want to invest in what will benefit from it," Mr. Harding says. "It was clear to us that the way to play China was to buy Hong Kong. Beijing's late-1985 clampdown

on consumer imports and the resur-gence of the Hong Kong market last year have altered the shape of both funds. As if in unison, Mr. Harding and Mr. Compton cashed

out of the Tokyo market, at least partly, and focused still more heavily on Hong Kong. In some respects, the Thornton

everal smaller mainland cities.

year, its first full year of operation,

compared with a 47 percent rise in

the local Hang Seng Index. In this

year's second quarter, the fund was

British "bong."

about 8 percent.

## THE FIRST HALF'S HOTTEST IPOS

The five best-performing initial public offerings, in the first half of 1987.

ISSUE

COMPANY	BUSINESS	DATE	PRICE JUNE 30
Xerart	Replicates oil painting	April 24	\$3.00 \$7.50
British Airways	Airline	Feb. 11	\$9.92 \$23.25
AMRE	Exterior home products	Feb. 26	\$16.00 <b>\$31.00</b>
Jetborne International	Aircraft support	May 20	\$3.75 \$6.68
Hospital Newspapers Group	Publishing	March 10	\$5.00 \$8.63

Certainly, there are plenty of choices for investors tho want to take a crack at the growth potential of IPOs. While high-tech issues often are the most prominent because of their dazzling promises, there is a lot more interest these days in "basic salt-of-the-earth companies," says Mr. Kimberlin.

For example, he cites a company that his firm helped bring public this spring. Diverseo of Spartan-burg, North Carolina. The company, Mr. Kimberlin says, "leases" labor forces to major corporations in the southeastern part of the United States, producing substantial costs savings to clients. Offered at \$6 a share, it recently traded at around \$8.

Mr. Fosback of New Issues also counts some basic mpanies among his favorite IPOs, such as Timberland of Hampton, New Hampshire, a rapidly grow-ing manufacturer of rugged footwear. That stock hit the market in June at \$14 and was recently trading at

INANCIAL services companies have also been well represented in this year's offering, though not all have fared well. The most prominent American Express Co.'s offering of its Shearson Lehman Brothers brokerage subsidiary, came to market in May at the low end of the expected price range, \$35. The affering still proceeded slowly and recently the stock was trading at

Of course, there may still be some good opportunities in technology-related issues. The most sensational new offering of the year, in fact, has been Aldus Corp., a computer software company whose Pagemaker product plays a key role in the explosive new field of desktop publishing. Responding to investor demand, the stock's underwriters raised the offering price to \$20, from a planned range of \$14 to \$16, but the stock still jumped to \$35.75 just two hours after trading began on June 16. It is now trading at about

This kind of phenomenon warms the hearts of so-called "flippers," professional traders who buy and sell IPOs during the first few days of trading. Often, the activity of flippers will drive up an IPO price by 5 percent or 10 percent within three days. But this kind activity can be treacherous for the individual investor and, as a result, most experts counsel individuals to view IPOs as long-term investments.

"We think the best approach is to look for reasonably priced issues and hold them for a few years." Mr. Fosback, adding that for most growing companies, a price-earnings ratio of about 20 is

Many IPO companies, unlike-Xerari, show established financial track records from their years as private entities. But even these companies rarely provide any information beyond a single prospectus; the investor does not have the benefit of comparing previous company documents.

"There's no way of seeing how well a company plans their business," says Alfred Kugel, president of Chicago-based Stein Roe Farnham's Discovery Fund of emerging growth companies. He recommends that investors with a bent for IPOs consider diversifying ny as 10 issues in a range of in

In June, Mr. Klugel bought shares in ECAD, a leader in computer-aided design. The company went public June 10 at \$8.50, and then slipped below \$7.50. It was trading above \$8 last week. "It's been a bad market for small technology issues. But we think

# Chemistry in Frankfurt

By Gail Schares

HEY will never be glamour stocks, but a number of analysts believe that the hig three West German chemical stocks are as alluring now as they will ever

Analysts and fund managers expect Bayer, BASF and Hoechst to outperform the market during the next 12 months by as much as 15 percent to 20 percent, despite a run-up in their

prices since the beginning of the year. I put the chemical sector at the top end of the attractive list for the German market at the moment, especially if the dollar doesn't fall out of bed," says Nigel Ledeboor, investment

manager at GT Fund Management in London. David Elsmore, an analyst at Phillips & Drew in London. agrees: "The chemical stocks will be one of the strongest if not the best performing sector in Germany during the next six to 12

Of course, not every one is convinced that chemical stocks will improve so dramatically. Some fund managers who bought chemical stocks during the past eight to 12 weeks have now left

the market. But bargain prices continue to focus an unusual measure of attention on the traditionally staid chemical sector. While the dollar's steep decline on currency markets took its toll on many export-oriented industries, the impact was severe n the chemical sector. During the past year, a strengthening Deutsche mark virtually wiped out export profitability. More-

over, the disenguantment with German shares in general in the first half proved especially punishing to the chemical sector. Nowadays, chemical stocks are priced at 8 to 9.5 times estimated 1987 earnings, well below the German market average of between 14 and 15, and less than half that of international competitors, such as Dow Chemical and Du Pont. "They've reached a point where they're just too cheap," says Mark Quilliam, chemical stock analyst with Salomon Brothers in

The dollar's recent stability could change all that. And already there is talk of improved export income. "Everyone knows the strong Deutsche mark is the principle negative influence on these companies right now. If the dollar reaches a plateau, the turnaround in investor sentiment could be quite

rapid," Mr. Quilliam says.

The stable outlook for the German economy is another encouraging factor, with some analysis forecasting a growth rate of between 1.7 percent and 2 percent this year.

In the meantime, analysis are giving German chemical companies high marks for improved corporate strategies and balance sheets. After being hattered by an industrywide recession in the early 1980s. Bayer. BASF and Hoechst have emerged from a painful restructuring stronger and well-positioned for

several years of steady growth, analysis say. In general, the West German chemical giants have moved away from commodity and raw-material products, adding specialty products with wider profit margins. This diversification should make earnings less vulnerable to downturns in the

economic cycle. At the same time, Bayer, Hoechst and BASF have slashed financial debt and negative interest payments and turned in better-than-expected first-quarter performances for 1987. Meanwhile, demand for chemical products has defied the normal summer full and remained strong, while capacity utilization is holding steady at a healthy 85 percent.

"The quality of earnings is better now." says Madelaine Hall. manager of the European fund at Schroders Fund Management in London. "They will still be cyclical companies, but they are

LTHOUGH the stock prices of Bayer, BASF and Hoechst generally move in tandem, most analysts and fund managers recommend Bayer as their top choice while citing its well-developed consumer prod-uct mix (over 30 percent) and strong pharmaceutical division. Bayer also is the least expensive of the big three, at about 8.4 times estimated 1987 earnings. Hoechst and BASF are both selling for about 9.5 times earnings.

Moreover, the introduction of three new cardiovascular drugs and an expanded sales force are expected to boost sales beginning in 1988. The new drugs alone are expected to contribute about 20 percent to total group profits by 1989.

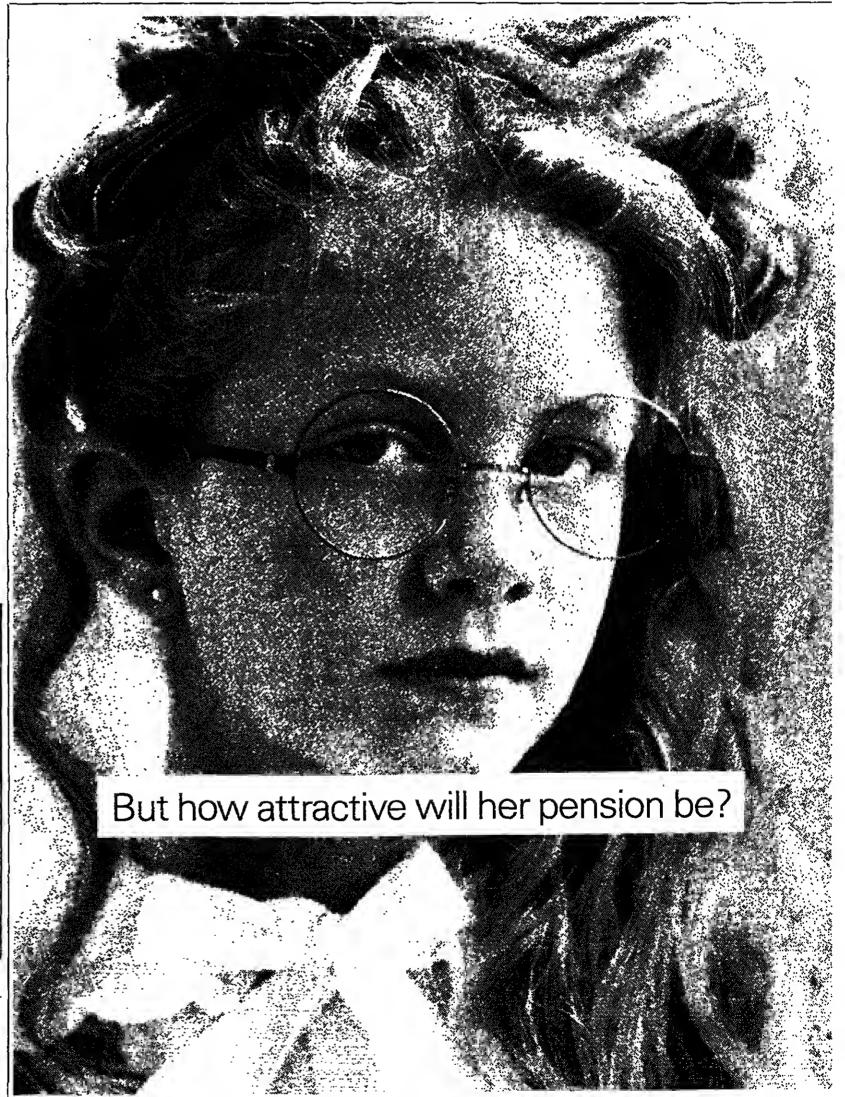
The price of Bayer, which traded at a low of 265 DM in January, has risen more than 35 percent, thanks in part to the German market's recent strength. Pretax profits in the first quarter were up 3.2 percent at Bayer, but 1987 earnings are expected to dip slightly to 40 to 42 marks per share.

Analysis were divided on ranking Hoechsi and BASF. Hoechst's future earnings are expected to benefit from the purchase earlier this year of Celanese, a diversified U.S. chemical firm specializing in fibers.

Hoechst's stock hit a low of 230 DM a share in January, but has made a strong advance since then. Pretax profits for the first quarter were up 5.7 percent, and analysts say 1987 per-share earnings will range from 29 to 31 DM.

BASF is favored as a short-term play. The company is expected to profit from rising oil prices, analysts say. But its heavier emphasis on raw material, bulk chemical and petro-

hemical products make it a riskier long-term investment. BASF's stock hit a low of 240 DM at the end of January, but has made substantial gains since then. Pretax profits in the first quarter were up 3.2 percent, and analysis estimate 1987 earnings will be 28 to 34 DM a share.



Harding: There's no such thing as a direct play.

fund is hardly distinguishable at the moment from any other Hong up 19 percent, beating the Hang Kong unit trust: Properties account for almost half of Gateway's \$116 Seng by two percentage points.
"The China angle looks like a million portfolio, the hongs an adgimmick when the Hong Kong ditional quarter and local utilities market is running, as it is now, Mr. Harding acknowledges. "But we'll look much different as time Apart from his share in Rockha-

How to Play the China Card

en, however, Mr. Harding has also placed 8 percent of the Gateway Similarly, China & Eastern's \$40 fund in Chinavest NV, which is managed by the Orange Nassau investment group and has China-related holdings, and Tian An, a Hone Kong listed developer with million in capital is about 70 percent invested in Hong Kong stocks and 15 percent in Japan. In both markets, however, the focus on Hong Kong-listed developer with China-related businesses is more projects in Shanghai. Beijing, and pronounced. The rest is invested in

iquoted mainland ventures. China or no China, the Gateway fund appreciated by 64 percent last The important thing to remember is that the speed of change in China is still well ahead of people's perceptions," Mr. Compton says. Based chiefly on its quoted in-

vestments, China & Eastern was the best performing investment company listed in Britain last year. Issued at 92 cents, shares now have a net asset value of about \$2.45 each; they trade on the London Stock Exchange at roughly 140 pence (\$2.21).

China & Eastern's structure reflects the risk involved in its China stakes. As a quoted investment company with a fixed number of shares, the directors are able to operate within a stable pool of capital that will not shrink overnight if say, a key reformist in China catches a cold. By contrast, a unit trust would have to sell assets to meet redemptions demand, which could pose problems if its holdings

were not readily marketable.

If Deutschmark investments are part of your pension fund strategy, you are familiar with the variety of DM instruments available. But, there are subtle differences in yields, liquidity, maturity, and depth of the market. There are yet other considerations which may require tailor-made solutions.

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irati laher

REAL ESTATE

P:

# A Modest Rebound In U.S. Farmland

By Cynthia Catterson

GRICULTURAL property in the United States has hardly proved a hor investment in recent years as hundreds of farms failed amid a worldwide slump in commodity prices. By some estimates, the value of American farmland has declined as much as 60 percent since the carly 1980s.

Lately, though, there are signs that the decline has slowed and almost halted in some areas, according to the U.S. Department of Agriculture and regional Federal Reserve Banks. There have even been modest price increases in a few regions, particularly the upper Midwest. Observers credit changes in U.S. tax laws, reduced fuel and production costs and moderating interest rates for helping stall the slide.

Not surprisingly, investors, some of whom are looking for places to stash their stock market profits, have taken an interest in farmland. Benedict T. Palen Jr., whose Denver firm. AgriCapital Corp., specializes in farmland investments, says the oumber of inquiries is up more than 50 percent in the last six

"Now is probably the time to step in and

pick up bargains," he says. Otto Sprenger, president of the Realtors Land Institute in Chicago, cites the owner of a parcel in northern Illinois who paid \$1,750 an acre for it last fall and recently turned down \$2,100 because he had already received a better offer. "Two years ago, the market for farmland was so devastated that it wasn't just a matter of how much a landowner could get, but whether the property could be sold at all."

Mr. Sprenger recalls. But, as farmers know all too well, agricultural property still has its share of risks. "Poor crops, lower commodity prices and cuts in federal farm subsidy programs can rapidly deplete the investor's returns," explains Colin Halfwassen, president of Halfwassen & Associates, a real estate farm management firm in Champaign, Illinois,

Although there have been more transactions since the spring of this year than there were in the past few years combined. Mr. Sprenger says, prices are still low. In inflationadjusted terms, farmland prices are at their lowest level since 1965, according to the Agriculture Department.

"Buying farmland means being a bit of a contrarian. People have to look under the clouds and see that the fundamentals have improved enough to make an interesting investment," acknowledges Mr. Palen of Agri-Capital, which has channeled about \$6 million into farmland since the company was founded in 1979, most of it in the last three years.

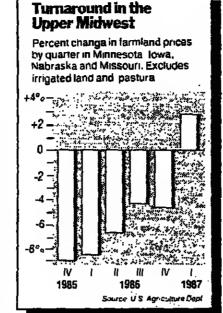
Land specialists oote that values have fallen to the point where the returns on agricultural property are better than those on short-term money-market instruments. Prime farmland can yield as much as 10 percent annually, while at the same time giving the investor the

chance for a capital gain. Aside from cash flow from crop sales, investors are finding that agricultural property sometimes has other attractions, such as oil, gas and water rights. Investors are also attracted by the notion of real estate as an inflation hedge and expectations that commodities prices may rise.

Though traditional tuyers of farmland are wealthy farmers who plan to farm the parcel or lease it out, a growing number of limited partnerships have been organized for nonprofessional investors. A partnership organized by Mr. Palen's firm, for example, requires a minimum investment of \$10,000. AgriCapital takes care of all the details associated with managing the farm, from hiring the farmers to taking the crop to market.

Investors can choose how to structure their participation. The most profitable and popular arrangement is known as custom farming. in which the investors assume all the expenses and reap all the profits.

Simpler, less risky and less profitable agreements are cash leases and bushel leases. With cash leases, investors are not involved with the actual crops or proceeds and therefore have limited upside potential. They are merely investing for long-term appreciation of the farm property. With bushel leases, also known as



crop share leases, investors share costs with the landowner and get a percentage of the crops. The only expenses they pay are proper-

Investing in farmland is a long-term com-mitment to an illiquid market. While many farmland experts are predicting dramatic increases in property values, they insist that investors have the patience of a farmer. The waiting period for big payoffs can be greater than 20 years, they say.

# The Risk in Raw Land

While some investors are drawn to farmland, others have been tempted recently to buy limited partnerships in so-called raw land near urban areas. This is undeveloped property that is purchased by a syndicator with the intention of turning it over in two to five years to developers for apartments, offices, shopping centers or industrial parks.

The syndicators sometimes install water and electrical services and obtain zoning approval from local governments for potential development so that developers can simply buy and build.

Unlike farmland, raw land has not depreciated over the past few years. Investors are speculating that the property's value will increase substantially because it is oear a growing city. "With raw land, you are investing in a hope and a prayer. It has oothing to do with current land values," says Elizabeth Roberts, president of Van Kasper Advisers, a San Francisco-based investment firm.

If the plan works, investors stand to make returns of 20 percent to 200 percent, say syodicators. Limited partnerships from established syndicators, such as The Heartland Group in Seattle and Bennett Consolidated in San Ramon, California, typically require a down payment of \$10,000 to \$15,000, with annual payments of about the same amount to cover taxes, interest payments and improvements. These payments continue until the

property is either sold or paid off. Other syndicators offer less costly shares.

The big risks are that the highway the investors expected to be built never materializes or that local authorities do not approve the parcel for development. One plan was thwarted because environmentalists found an endangered butterfly on the property.

Sometimes the urban sprawl just gives out. "Investors have to be extremely careful about how far out in the boondocks the land is," cautions Robert W. Fitzpatrick, president of Teachers Management & Investment Corp. in Newport Beach, California.

If plans go awry, raw land can turn into a raw deal. Investors' money can be tied up a long time in taxable property that earns no income. Ms. Roberts notes: "Raw land is to commercial property what high-risk growth stocks are to blue chips."

Alan Crittenden, a publisher of real estate

newsletters, sees trouble ahead for these deals as housing starts taper off, "Last year predevelopment land was a great idea." he says. "But raw land deals rely heavily on a housing boom, which has already come and is on its

way out."
Farmland seems a better bet, be says, "Investing in farmland now is like investing in housing in '82 to '83, when it was at its all-time low," he argues. "If farmland hasn't hit bottom yet, we're close enough."

Cynthia Catterson

## STRATEGY =

# **Betting** On a Dollar Rebound

a fairly resilient dollar have convinced some investors that the U.S. currency has bottomed out. For dedicated dollar bulls, the introduction of 10 currency warrants on the American Stock Exchange offer an easy way to bet that the longterm trend will be upward.
Issued by the credit subsidiaries

of blue-chip corporate names such as AT&T, General Electric and Ford Motor, the warrants all have the same form. For prices ranging from \$2.63 to \$4.38, each warrant allows the holder to buy \$50 of Deutsche marks or Japanese ven at a fixed exchange rate, called the strike price.

All the warrants expire in either June or July of 1992, and can be exercised in loss of 2,000. A minimum lot of warrants quoted at 23.50 each would cost \$7,000.

One attraction is that they are traded and quoted by a major exchange, unlike warrants issued in the Euromarket. The structure is also simpler than the currency options traded in Philadelphia and Chicago, which have multiple strike prices and expiration dates. Expiration dates oo those options only extend for about a year.

Investors in the Amex's six yen warrants and four mark warrants are betting that at some point before expiration the dollar will be significantly higher than the strike prices. For the warrants to have value, the dollar must move far enough beyond the strike price to cover the cost of purchasing the

Calculating the exchange rate at

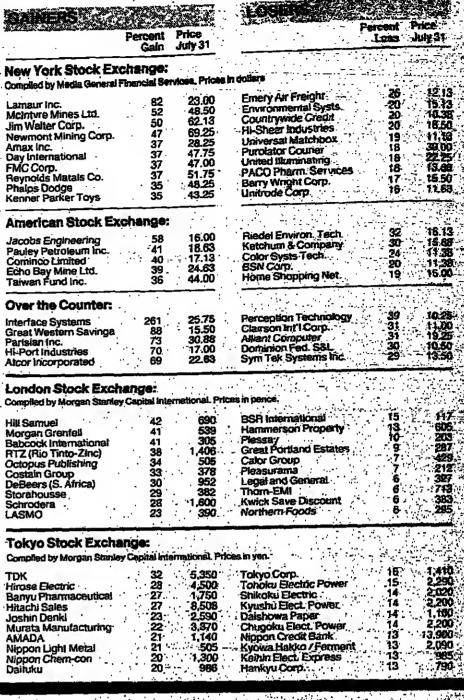
# **Market Scoreboard** Stocks on the New York, London and Tokyo exchanges that showed the largest percentage gains and losses in July. Percent Price Gain July 31

Lamaur Inc. McIntyre Mines Ltd. 52 50 48.50 62.13 Jim Walter Corp. 69.25 Newmont Mining Corp. 28.25 47.75 Amax inc. Day international FMC Corp. Reynolds Matals Co. Phalps Dodge Kenner Parker Toys 47.00 51.75 48.25 43.25

Taiwan Fund Inc.

The strike prices are set above prevailing exchange rates for the dollar at the time of the issue, though the dollar has already risen beyond the strike prices of some yen warrants. The terms of the warrants, as the underwriters acknowledge in the prospectnses, are not as attractive as those available to big institutions that play the foreign exchange markets. Individuals, in effect, pay extra for the convenience and simplicity of the

which the purchaser would break even gives some indication of how long the odds are. For example, a week ago, General Electric's yen warrant, which carries a strike price of 149.7 yen to the dollar, was quoted at \$4.75. The dollar quoted



weaken more than 8 percent — four currency exchange warrants: tors lend to be attracted to the beyond 164 to the dollar — before listed on the Amer. Media reports more volatile currency since the a GE warrant purchased on Aug. about world trade frictions have coded seem better that it will experi-31 would have value. If the yen tended to focus on the U.S. Japa - ence the magnitude of swing that were to fall to 120 to the dollar, the nese relationship, notes Mr. Electrical pay off. warrant would be worth \$6.15. hardt, so the "U.S. retail investor is. So far, investor interest has cen- sensitized to the yen."

that day at 151.5 yen; just over the tered on the yen warrants, says. Another factor is that the mark's strike price. John Eberhardt of Rear, Steams & climb against the dollar has both

Thus, the yen would have to Co., which underwrote the fast more gradual than the yen's Inves-

William McBride

# N \$ MILLONS!

# Strike it rich in Canada's Favorite Lottery. You pick your own numbers playing Lotto 6/49

That's right ... you can win millions by picking your own numbers playing Lotto 6/49--- Canada's most popular Government Lottery. In fact, last year Lotto 6/49 paid out \$354,736,589.00 in ALL CASH PRIZES. And it's all free of Canadian taxes. There are two draws each week for a grand prize guaranteed to be not less than \$1,000,000.00 with many millions more in secondary prizes. Grand prizes often run into the millions and have been as high as \$13,890,588.80. Imagine what you could do with that much cash! This is your opportunity to find out because now you can play the lottery that's making so many millionaires in Canada. PRIZE BREAKDOWN (Actual Sample of One Draw

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winner could be you.

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CREDIT CARD NUMBER

NO. OF PRIZES	PRIZE VALUE*
1	\$13,890,588.80
10	\$443,481.60
715	\$3,704.70
48,917	\$139.30
965,112	\$19.00
101/	AL PRIZE VALUE 7,443,228-10
	PRIZES 1 10 715 48,917 965,112

1st, 2nd, 3rd, and 4th prizes are calculated of the total prize pool. Since the prize pool flux to draw, the size of the prizes will very from th

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orcurrings of			Baltimore
e size of the	<b>T</b>	•	AST month, the Banc-
1	-		Texas Group, a belea-
			guered Dallas-based

holding company, com-pleted a huge financial restructuring that swung its net worth from a negative \$98 million to a positive \$90 million. The mechanics included a \$150 million infusion of capital from the Federal Deposit Insurance Corp., the forgiveness of substan-tial debt, and, perhaps most bewil-dering to the average investor, the

By John C. Boland

use of a little-known financing technique called a rights offering which enables existing stockhold-ers to purchase additional shares at a discount from the market Rights offerings, popular in the 1930s and 1940s as a capital-raising tool, were used by utilities into

the 1960s. But they had almost vanished until a group of British investors began using the concept here in financial rescue packages. As applied by the Hallwood Group, a New York-based financial company controlled by European investors, rights deals are usually part of a last-ditch attempt to revive failing companies. In March, Hallwood acted as underwriter for a rights offering by the GCA Corp., a wobbly maker of

In contrast to a \$50 million neg-ative net worth on March 31, GCA

equipment for semicooductor

and Saxon Oil. "We've done six or seven over the last four years," says Robert M. Davies, a Hall-

The huge prospectuses can be daunting. "You've got to be a fairly sophisticated investor to plow brough a complex document," And as the dismal market action

of Radiation Technology and Saxon Oil attests, a company's prob-lems may not be solved by a onetime capital injection. Because of poor management or competitive problems, the company may weaken again as the cash dwindies. Thus an investor buying more shares may be throwing good money after bad.

Mr. Davies acknowledges a psy-

chological burdle to enticing existing shareholders to buy. "They've usually lost money by the time we get involved," he says. "And we go to them and say, We're going to revive this company, and how about putting up some more mon-ey and having another go?"

If rights are not exercised, the underwriter and private investors it has lined up stand ready to buy leftover shares. For its efforts, Hallwood often gets part of the reorganized company — 14 per-cent of GCA, for example, and 12.5 percent of BancTexas.

One reason the investors conrecently sported positive equity of fronted with rights offerings must.
\$80 million, said Roger M. Baract quickly is that the terms estabzun, its general counsel. Earlier lish a price discrepancy - in ex-

that professionals rush to ex-ploit. Especially in the rescue operation, the exercise price to buy-shares via rights may be drastically lower than the prevailing price at which the common has been ings present a puzzling array of holder can sell stock he owns and choices, with little time for study. buy it back at a large prospectuses

When Troubled Companies Offer Rights

When enough holders do this, the market price of the common is driven down toward the rights, ex-ercise price. As that happens, the value of the rights erodes, often approaching zero near expiration. With BancTexas, the decline was: particularly swift.

N June 15, BancTexas closed at 37.5 cents a share on the New York Stock Exchange: The next day, as the shares and the rights traded separately, the common opened at about 10 cents. At their low, the shares traded at slightly more than 7.8 cents. The rights sank from a high of 12.5 cents to less than half a cent.

"The market does adjust," said Richard Brancher, corporate counsel at BankTexas.

But for the average invesior to recognize all the adjustments that might occur is a challenge. The BancTexas offering gave holders of each share six rights. But the rights-exercise example in the pro-spectus said that each four rights entitled a holder to buy 24 shares at 7.5 cents each.

On July 20, the final step of the transaction took place — a mas-sive reverse spirt under which

deals have helped resuscitate the fect, two prices for the same stock. Texas share in exchange for every Brock Hotel Corp. and, less successfully, Radiation Technology plott. Especially in the rescue op quired by the rights. By mid-week 50 shares hold previously or ac-quired by the rights. By mid-week, the new stock was trading at \$3.75. Investors who exercised the rights and rode through the confu-sion got a relatively undiluted stake in the company, acquired at 60 percent of the new book value.

of about \$5.40 a share. Mr. Davies considers that at tractive, adding that, after major charges taken in 1987's first half-BancTexas boasts "strong toenloss reserves, a low-cost branch system" and a balance sheetstrengthened by an infusion from the FDIC equivalent to \$8.80 2;

But participating in the restruc-turing required investors to put up new capital many times the value of their investment preceding the deal. The stock's high in the weak crided June 12, just before the rights were issued, was 62.5 centerwhich gave 1,000 sharts a value of \$625. But to exercise all the rights received on 1,000 shares would have required a payment to the company of an additional \$2,700.

A holder who does not want to put up the extra money to exercise the rights should sell the stock before the rights are issued, brokers say. A Benc Texas holder selling out in the week ended June 12s for example, might have got \$675 for 1,000 shares at the week's high

or \$375 at the low. By last week, an convelent po sition could be bought for \$75 you're going to sell, do it fast, says a broker who played the BancTexas restructuring.

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#### EUROBONDS

# Bank of England Sentence **Punishes Sterling Sector**

By JONATHAN ENGEL

tional Herald Tribune

ARIS - Faced with a youthful criminal offender, British authorities often administer a short, sharp shock — such as a brief stay behind bars. On Thursday, the Bank of England meted out the equivalent restraint to the barreling British economy, and the 1 percentage point rise in interest rates was definitely a shock

But whether this reversal in its monetary policy will be short, or indeed sharp enough to contain the stated threat of higher inflation, remains an open question.

Economists were also puzzled over just why the central bank moved so suddenly. However, many now believe that the authori-

The British

bank rate rise

figures ahead.

chancellor denied the

signaled poor trade

ties finally heeded predictions that a rate rise was necessary to slow down the consumer spending boom that easier rates had helped stimulate ahead of the June general elec-

In the midst of all this confusion, the response from the sterling bond markets was unequivocal. With major British

banks following the central bank's lead by boosting their base lending rates to 10 percent from 9 percent, prices of British government bonds and sterling Eurobonds plunged. As of Friday, they showed little sign of recovering ahead of the space of economic indicators due this week, many of which are expected to show a rise in inflationary pressures.

Otherwise, as the international bond market anxiously awaited the U.S. Treasury's quarterly refunding, the other major market news concerned the rejection by hanks of a novel proposal to repackage their holdings of perpetual floating-rate notes.

The Bank of England's move was initially interpreted by many

analysts as a pre-emptive strike to bolster sterling ahead of the June trade figures due Tuesday. In May, the key current account balance, grouping merchandise trade, services and many finan-cial transfers, had dropped to a surprise deficit of £561 million. largely on a sharp jump in imports. Many economists had expected this broad measure of trade to break even, or register a slight surplus.

HIS trade news battered sterling, as it indicated both a large supply of pounds overseas and the need to lower the exchange rate to improve trade performance. At the same time, the belief that a lower pound would increase costs of imported goods and thus prove inflationary helped underent prices of stocks and bonds, especially as the figures followed big increases in bank lending and retail sales for June, two other inflationary indicators.

On Thursday, believing that the central bank knew more bad figures were on the way for June, investors again dumped British government bonds and sold shares. The government's benchmark 11½ percent bonds due 2003/07 fell about 3 percentage points to 113 12/32, then fell another point on Friday before recovering slightly to 113 22/32. Dealers said the late rebound reflected market participants' closing out their speculative sales to take

profits, rather than much fresh buying.

Sterling Eurobonds, being a less-liquid market, suffered less, although prices were down around 2 points on Thursday, and closed unchanged Friday after originally extending the losses in morning trading.

Nigel Lawson, chancellor of the Exchequer, said the interest rate rise was intended to keep inflation low at a time when the economy, by U.S. and European standards, is booming. Growth in gross domestic product, excluding oil-related goods and services, is steaming along at 4.5 percent. Inflation, on an annual basis, stood at 4.2 percent in June. Asia, stood at 4.2 percent in June.

Mr. Lawson denied that the move was connected to the

upcoming trade figures. Yet some British economists, taking the chancellor at his word, detect unsettling trends for the economy, and the sterling bond markets.

"To my suspicious mind," said Stephen Lewis, director of economic research at Phillips & Drew, the British brokerage, the good but that all the other figures will be quite bad." He is forecasting a current account deficit of £100 million, the low end of an analysts' range that extends to around £300 million.

He said he also believed the underlying reason for the bank's action was to quell "financial excesses." For example, speculation on the London Stock Exchange has inflated prices with little regard to fundamental share values. In fact, after the bank's move, the Financial Times-Stock Exchange index of 100 leading

shares fell 91.2 points over two days.

Also, the war chests being raised domestically by several British companies to buy U.S. concerns will result in the export of large amounts of pounds for dollars, he noted, thereby complicating the government's attempts to control the exchange rate. Last

See EUROBONDS, Page 13

**Currency Rates** 

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# Ongpin **Threatens** To Resign

## Aide Says Manila Must Honor Debt

Compiled by Our Staff From Dupatches MANILA - Finance Secretary Jaime Ongpin has said he would resign if a law were passed repudiating part of the country's foreign debt. He said such a move could wreck the Philippine economy.

Reacting to proposals in Congress that the Philippines disown part of its \$28 billion debt, Mr. Ongpin said, "I couldn't implement such radical change."

"They would have to find some-one else," he said Saturday at a news conference.

He said nonpayment of debt would cause instability that would reverse any economic growth the country has achieved. Mr. Ongpin faces a Senate hear-

Mr. Origini faces a Senate feed-ing on debt on Monday. Senators have filed bills that would limit annual debt payments to 10 percent of commodity export. earnings and suspend principal payments for three years.

About 45 percent of the couny's export receipts go to the servicing of debt.

The legislative moves follow a speech on July 27 by President Corazon C. Aquino in Congress in which she sharply criticized the country's commercial bank lenders for having imposed what she de-scribed as stiff credit conditions.

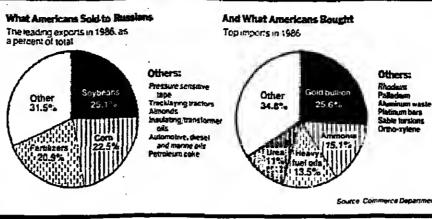
She stopped short of calling for deht repudiation but talk of such a measure has been rife among legislators since the address.

Mr. Ongpin said Saturday that repudiation would bring about limitations on access to credit, cancellation of trade facilities and erosion of investor confidence.

Several senators are seeking Mr. Ongpin's resignation, saying be did not defend the Philippines' interests when he signed an agreement with bank creditors July 17 re-scheduling \$13.2 hillion in foreign

Legislators have also spoken in favor of repudiating part of the debt contracted during the term of President Ferdinand E. Marcos, (AFP, Resters)

## The Flow of Goods Between the Soviet Union and the United States



# Soviets Eagerly Eyeing U.S. Market

# But Their Manufactured Goods Face Obstacle Course

By Clyde H. Farnsworth

New York Tunes Service
WASHINGTON — The United States has just imposed a quota on some imports from a most unlikely country: the Soviet Union. Why unlikely? Because imports from the Russians in general are so small, totaling only \$601 million last year, and the product restricted -a cotton fabric - accounted for only a minor portion of that.

The quota is the latest frustration for the Russians, who have been trying to increase their exports of manufactured goods to the United States. These include tractors, textiles, belicopters, binoculars and excavators. And they would like to begin selling cars in the United States within

the next few years.

The Soviet Union is eager to sell more manufactured goods to the United States for two reasons: It wants to earn more dollars to raise its sagging foreign currency reserves, and it is one of the few countries running a mer-chandise trade deficit with the United States (\$650 million last

We are naturally trying to make our trade equal," said Oleg V. Kozhevnikov, commercial minister at the Soviet Embassy and the Soviet Union's trade representative in the United States,

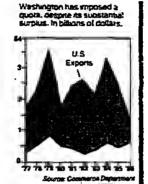
Trade statistics in 1985, for example, showed the Soviet Union imported about \$2.6 hillion worth of U.S. goods, while Americans bought only \$600 . "We have made it clear that million in Rossian products. the administration and the Since then, U.S. exports to Soviet . American people view freer emi-

Union, mainly wheat and corn, lave fallen steeply.

But Soviet exports to the United States, several long-standing obstacles seem to preclude any significant increase. One is that Soviet products have a reputaoon for poor quality.

The other is the Jackson-Vanik amendment, which allows mmunist countries to receive

**U.S. Trade With** the Soviet Union



most-favored-nation trading privileges only if they loosen restrictions on emigration. Because the Soviet Union lacks most-favored-nation status, the tariff on its goods is 38 percent, compared an average of 2.8 percent levied on imports in general.

"We have made it clear that

eration and respect for human rights as fundamental concerns, which bear on possibilities for improving the trade relation-ship." said Franklin J. Vargo, deputy assistant commerce secretary for Europe.

Even so, the Soviet Union has had some initial success in expanding its offerings in the United States, which had consisted mainly of fertilizers, oil and related products, metals, other raw

materials and vodka. In a marketing program that is little more than a year old, the Soviet Union has sold about 1,000 small Belarus tractors in

the Farm Belt. Some analysts believe that Moscow's purchase of 8 million tons of American grain in recent months may have made U.S. farmers more willing to huy Russian tractors.

"Our experience in tractors shows that American farmers were very happy to buy a product that catered to their needs with a price acceptable to them. and they didn't care where it was made," said Ara Oztemel, chairman of the New York-based Sa-173 Corp., which sells Soviet products in the United States. Satra is an acronym for Soviet-American Trade.)

An U.S. trade official added; "The thing gets sold. They are the right mix of price and simple

See TRADE, Page 15 -

#### But as the Soviet Union has learned with textiles, efforts to sell manufactured goods in the United States can rum into road-

# SEC Tries to Sharpen Definition of Insider Trading

WASHINGTON - The Securities and Exchange Commission, ending years of vagueness, has pro-posed a definition of insider trad-

The agency proposed language for Congress to use in writing a law that would state precisely the circumstance under which it is illegal to use confidential information to profit from securities trading.

The topic has become crinical because of the recent insider trading scandal on Wall Street.

commonly accepted notions of in- some experts suggested the omissider trading, such as when a director of a company trades on information not yet available to other investors. The definition, which the SEC after the Supreme Court

adopt that standard view. Bul it also tries to embrace other issues that courts have been grap-

but may also be softening an important standard under which some inside traders have been prosecuted. That standard is called 'misappropriation."

trade is based upon nonpublic, market-sensitive information.

Nowhere in the new definition is The SEC has always enforced the word "misappropriation," and sion might mean that the SEC was

backing off from the standard. The standard was developed by

cute insider traders. The SEC proposal explains when

mond Chiarella, had not commit- sentation, electronic espionage, ted illegal insider trading by piec- and most important, breach of any ing together from financial "fiduciary, contractual, employling with.

documents information about ment, personal or other relationtender offers and then trading on ship." The SEC is thus tying breach of duty directly to this array of relationships.

For years, SEC officials would not offer a definition of insider trading, thinking that such a definition might be useful to defense attorneys looking to evade the law. The SEC has maintained that a Instead, the regulators relied on the trader acts illegally whenever a broad prohibitions in federal securities law against fraud in securities

> The SEC itself decided that a definition could close two impor-tant loopholes and help it prose-

was issued Friday, continues to ruled in 1980 that a printer, Ray- fined as theft, bribery, misrepre-

One loopbole the proposed definition is intended to close is a provision under current law requiring the SEC to prove that a trade was made "on the basis" of illegal information. Many defendants claim that their trade was made using information that was commonly

The new proposal would say simply that no one can trade while in the possession of illegal information, whether or not that is the basis

# **Drops Bid for Holly Sugar**

LOS ANGELES - Michael Buchsbaum, former chairman of Holly Sugar Corp., has said that a series of death threats against him and his family led to the failure of his \$133 million bid to take over the

Mr. Buchsbaum resigned Thursday after Holly's board terminated the merger agreement with his group, Arcanum I Partners. The board

that he had received several death threats in the past two weeks, linked

failed for lack of financing

An FBI spokesman said the agency was investigating threats "both written and verbal" leveled at the Buchsbaum family.

Some people familiar with the negotiations surrounding the bid for Holly were skeptical about Mr. Buchsbaum's resolve to complete the takeover. His group had received \$80 million in financing commitments from National Westminster Bank USA.

One executive close to Holly said he expected Brookehill Equities fine, a New York investment concern that owned 10 percent of Holly's stock on June 29, to revive its recent bid for Holly. Holly shares closed Friday on the New York Stock Exchange at

\$90.25, down 25 cents.

# information is "wrongfully ob-tained or used. Wrongfully is de-for the decision to invest. Buchsbaum, Citing Threats,

said the group was delaying the buyout.

Mr. Buchsbaum, who will remain a director of Holly, said Friday

This was Mr. Buchsbaum's second attempt to take over the second-largest U.S. sugar beet processor, based in Colorado Springs, Colora-do. He tried to take Holly private in a leveraged buyout in 1982, but

# Mercedes-Bernz is accust nmed to Singapore GDP Ahead 7.4% aving a cur supply of less than 40

SINGAPORE - Singapore's gross domestic product, adjusted for inflation, grew 7.4 percent in the second quarter of 1987, confirming the economy's recovery BMW, the darling of affluent from a recession two years ago, the

> The Trade and Industry Ministry said the growth compared with 7 percent in the first quarter and 1.2 percent in the year-earlier quar-

"With the momentum of growth "No." said Fred Chapman, a expected to be sustained for all the day supply of unsold cars.

Auto industry analysts say the domestic makers bave offered in
day supply of unsold cars.

Auto industry analysts say the domestic makers bave offered in-Last year, GDP grew 1.8 percent

The ministry said that strong foreign demand in the second quarter had helped stimulate the economy. Exports rose to 14.61 billion Sin-

gapore dollars (\$6.91 billion) in the second quarter from 12.37 billion in the first quarter.



# Caledonian Says It Will Pursue Merger With BA

LONDON - British Caledonian Airways has decided to stand by its agreement to merge with British Airways despite a government investigation that could block the transaction, British Caledoobjective. But he said British Caledonian, nian's chairman. Sir Adam Thom-

The government decided last week to refer BA's £237 million Oct 31. (\$370 million) offer for BCal to the Monopolies and Mergers Commission. The commission must deterthe public, has already said it will mine whether or not the merger will undercut competition in the airline

industry.

The bid lapsed automatically when the referral was made, although BA said it would seek to revive its offer if the commission made a favorable ruling. British Caledonian's board met Saturday

and agreed unanimously to support the inquiry.

The board's other alternative was to pull out of the agreement and look for another partner. Cale-donian, the second largest British airline after BA, had been holding exploratory talks with several forcign airlines just before the BA

son, has said.

merger proposal. Industry sources said last week that British Caledonian had held talks with Alitalia, KLM Roval Dutch Airlines, Air France, and American Airlines among others.

Sir Adam said be was pleased

ing that a merger to form a power-ful British carrier to compete against major U.S. airlines remained the company's preferred

which has been been losing money, was also keeping other options open. BCal reported losses of £19.3 million in the year that ended last British Airways, recently sold to

cooperate with the commission in the investigation. The commission will take three months to decide whether the proposed merger, announced July 16,

would hamper competition and therefore be against consumer in-Critics of the merger said that if it had gone ahead without an investigation, serious questions would

be raised about the government's stated policy of encouraging competition in the aviation industry. Sir Adam said that if the commission had been given longer than three months, the airline would have had to consider other alternatives. A long inquiry, he said, would have taken Caledonian into the period when it traditionally concluded bulk travel contracts with agents and tour operators

He said the program was neces

sary to stop the flight of capital out of Peru and to end discrimination

in lending against the rural poor.

A court order last week suspend-

ed the government intervention

while courts studied whether it vio-

lated bankers' constitutional rights.

On Friday, Mr. Garcia said he

would abide by the order. He said

the government would not act ille-

gally because "the reaction, the

right wing, would be able to drive

other forces against the govern-ment and the democratic system."

Mr. Garcia said be believed the

Congress, which is dominated by

his party, the American Popular

Revolutionary Alliance, would ap-

On Friday, the Peruvian Army also announced its backing for the

prove a nationalization law soon.

(Reuters, AP)

# García Says Bank Move Poses Political Threat

LIMA - President Alan Garcia Perez has acknowledged that pushing forward immediately with the nationalization of Penu's private hanks and financial firms could pose a threat to his government, After announcing that be would

suspend temporary government administration of the financial in-stitutions, Mr. Garcia said, "I remember Salvador Allende, president of Chile, used to say 'Advance without compromise.' I am not go-ing to make the same mistake." Allende was overthown and

killed in 1973. "I will not allow Peru to arrive at a dramatic, tremendous dictatorship that kills many Peruvians," Mr. García said in an interview oo Saturday.

still backed the nationalization of the 10 private banks, six credit in-

as an interim measure after he an-

counced his nationalization pro-

gram on July 28.

Mr. Garcia imposed government control on the financial institutions

nationalization plan. "We are respectful of the constitutioo and the decisions of the su-

preme chief of the armed forces and consequently must give our support and backing to all that his popularly elected government does," General Jorge Flores told the official Andina news agency.

# Kaufman Sees Rising Prices, Possible Recession in 1989

NEW YORK - Accelerating inflation in the United States could trigger a recession in 1989, according to Henry Kaufman, chief economist for the brokerage house Salomon Brothers and one of the most influential U.S. economic analysts.

"I think we have probably seen the low in the inflation rate. There are chances inflation will go higher," Mr. Kaufman said Friday. He said be thought the expan-sion of the U.S. economy, which

has been going on for five years. would end in late 1988 or 1989. "There's a high risk that late next year, or more likely in 1989, we will see another downturn in the American economy," he said.

"I think it will be triggered in part by the increase in inflation that won't be tolerated by the central hank," the Federal Reserve, and the government generally.

"There will be higher interest rates, stifling of the availability of credit, the dollar problem will persist from time to time and that will contribute to it and then we face a recession." Mr. Kaufman said. On Wednesday, the Reagan administration raised its estimate of

the 1987 inflation rate to 4.8 per-

cent, a full point higher than the 3.8

percent it estimated in January.

Henry Kaufman

would result in demands for higher wages, interest rates would rise, the trade and budget deficits would continue to be large and international monetary cooperation would be hard 10 achieve, he said. Mr. Kaufman said that the Federal Reserve Board would be ham-

Mr. Kaufman said there were

several factors that would cause in-

The increase in consumer prices

flation to accelerate.

pered in its efforts to control the economy because of the U.S. presidential election in 1988. The economist said that if there were a recession, the United States

would not recover as quickly as after the 1981 downtum.

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Last Week's Markets

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# **Benz Bends on Rebates** To Clear Cars in U.S.

# Softer Dollar Forces Financing Move

By Wairen Brown

WASHINGTON - It is not the sort of thing one would expect of Mercedes-Benz of North America, distributor of some of the most expensive and sought-after cars. Maybe that is why the company has made no public announcement.

But Mercedes-Benz is offering rebates on many of its leftover 1987-model cars.

There is a catch: The rebates, ranging from \$1,000 to \$3,000, go to Mercedes-Benz dealers that have already exceeded their sales quotas for this year. Dealers, in turn, can offer some, all or none of the rebates to buyers of their cars, which have sticker prices ranging from

\$28,450 to \$59,580. If the Mercedes-Benz dealership is not eligible for rebates, the buyer can still bargain - since that dealership, in all likelihood, has an

oversupply of cars. Shoppers for more modest cars can count on sales incentives on most U.S. autos as well as some imports. Faced with an overall 75day supply of cars, the Big Three U.S. automakers — General Motors Corp., Ford Molor Co. and Chrysler Corp. - have all announced sales incentive programs with cut-rate financing as low as

1.9 percent. So far Subaru is the only Japanese manufacturer offering incentives, using 3.9 percent loans and rebates of up to \$1,500 in an attempt to shrink its estimated 87-

has never been the case with imports, least of all Mercedes. Susan G. Jacobs, vice president

and manager of automotive re-search at Merrill Lynch Economics Inc. in New York, said buyers of European-made luxury cars, lured hy the status as much as the quality of their purchases, often seemed willing to pay whatever dealers asked. But the sluggishness of the U.S.

economy, combined with steep price tises generated primarily by the dollar's decline, seems to be generating resistance among U.S. buyers of foreign cars in general and luxury car buyers in particular, the Merrill Lynch analyst said.

luxury cars had risen as much as 8 percent since last October, adding as much as \$3,000 to some models. having a cur supply of less than 40 days in a market where a 60-day supply is considered normal. But Automotive News, an industry trade journal, reports that Mer-

She said that prices of European

cedes-Benz has a 46-day supply of cars. middle-aged car buyers, is showing government reported Saturday.

a hefty 73-day supply and offering The Trade and Industry Ministry financing as low as 6.9 percent, to sell off many of its leftover 1987, 300-series models.

Acts of desperation for the high and the mighty? centives so routinely that buyers an orderly cleanup of 1987 models" ministry said. have come to expect them. But that in the U.S. market, he said.

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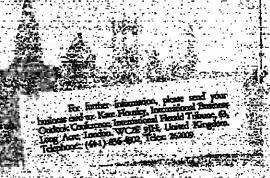
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# New International Bond Issues

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Market State

Issuer	Amount (millions)	Mat.	Coup %	Price	Price and week	Terms
PLOATING RATE NOTES					WOCK	
Council of Europe	Y 10,000	1994	У	100	<del></del>	Below Japanese long-term prime rate, semicineually, Noncol-
ENEL	Y 10,000	1992	0.55	100.40	_	loble, Fees 0.55%. Denominations 10 million yen.  Below Japanese long-term prime rate, semiannually. Call- oble at par in 1989. Fees 0.50%, Denominations 10 attition
FIXED-COUPON						yen.
Toyota Motor Credit	<b>\$150</b>					<u></u>
Kredietbank	\$150	1990		101 5/16	99.90	Noncollable. Fines 136%.
Eksportfinons	nk 300	1991	10%	100%	99.00	Noncollable: Fees 116%,
EQUITY-LINKED	C\$70	1994	10%	1011/4	99.25	Noncollable, Fees 136%,
Daicel Chemicol Industries	\$100	1992	3¼	100	98.63	Noncollable, Each \$5,000 note with one warrant exercisable into company's shares or 784 yen per share and or 151,80 yen per clotter. Fees 216%,
Fujisawa Pharmaceutical	\$100	1992	3	100	100.00	Noncollable. Each \$5,000 note with one warrant exercisable into company's shares at 2,307 year per share and at 151.80 year per dollar. Fees 246%.
Furukawa Electric	\$150	1992	open	100	98.75	
Groce (W.R.)	\$150 	2002	614	100	99.38	
Hitachi Cable	\$ 60	2002	134	100	100.00	Semiconwally. Collable at 103 in 1992, Convertible at 1,260 yes per store and at 152.70 yes per dallar. Fees 25%.
Kyowa Bank	\$100	2002	134	100	98.50	Semionnually. Collable at 103 in 1992. Convertible at 1,381 yes per share and at 152,70 yes per dollar. Fees 25%.
Mitsubishi Bonk	\$300	2002	134	100	100.00	Semicanually. Convertible at 3,157 yen per share and at 1.51.80 yen per dollar. Fees 21/76. Denominations \$10,000.
Mitsubishi Metal	\$300	1992	3	100		Noncollable. Each \$5,000 note with one warrant exercisable into company's shares at 882 year per share and at 151,40 year per collar. Fees 214%.
NGK Insulators	\$150	1992	.3	100	97.50	<del></del>
Nippon Oil	\$300	1992	3	100	97 <i>.</i> 75	Noncollable. Each \$5,000 note with one womant exercisable into company's shares at 1,456 yen per share and at 151,80 yen per dollar. Fees 24/%.
One Pharmaceutical	\$150	1992	3	100	103.00	Noncollable, Each \$5,000 note with one woment exercisable into company's shares at 8,118 yen per share and at 152.30 year per dollar. Fees 24%.
Prima Meat Packers	\$ 70	1992	314	100	97.00	Noncollable. Each \$5,000 note with one warrant exercisable into company's shares at 697 yen per share and at 152,70 yen per dollar. Fees 2)6%.
Sanwa Shutter	\$ 70	1992	.3	100	_	Noncollable. Each \$5,000 note with one warrant exercisable into company's shores at 1,056 yen per share and at 151.40 yes per dollar. Fees 24%. Increased from \$60 million.
Showa Denko	\$200	1992	3¼	100	98.00	Noncollable. Each \$5,000 note with one warrant exercisable into company's shares at 620 year per share and at 152.30 year per dollar. Fees 244%.
Sumitomo Construction	\$ 50	1992	орел	100	97.00	Coupon indicated at 3%. Noncollable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 29/% premium. Fees 24/%. Terms to be set Aug. 10.
Takeda Chemical Industries	\$ 80	1994	орел	100	98.50	Coupon indicated at 4½%. Noncellable, Each \$5,000 note with one womant exercisable into company's shares at an expected 2½% premium, Fees 2¼%. Terms to be set Aug. 11.
Hillsdown Holdings	£ 150	2002	4!6	100	99.25	Redeemable in 1992 to yield 8.51%. Convertible at a 28% pretrum, Fees 29%.
WARRANTS						
J. Aron	0.010	1989		\$470		Put warrants each exercisable into 100 barrels of West Teens intermediate oil at \$21.50 a barrel. Breakeven price \$16.80, Issuer is a unit of Goldman Soche,
J. Aron	0.010	1989	<u> </u>	\$400		Coll warrants each exercisable into 100 barrels of West Texas intermediate oil at \$21,50 a barrel, Breakeven price \$25,50, leaser is a unit of Goldman Sachs.

# **EUROBONDS:** Bank of England's Shock Treatment

week alooe. British companies launched takeover bids totaling \$3.7 billion for U.S. companies. "They are worried about domes-

tic monetary conditions," Mr. Lewis said. "I think it speaks volumes about the state of monetary conditions" that sterling, instead of rising, showed no reaction to last week's tension in the Gulf. The pound closed the week lower on its trade-weighted index against a basket of currencies, at 72 percent of its 1975 value after 72.3 the previ-

Richard Golding, head of bond market research at Kleinwort, Frieveson, Charlesworth, a British investment banking firm, also played down the trade figures. He said he believes that May's large current account deficit was an aberration, and expects a £250 million deficit for June, and a relatively modest £500 million deficit for the

Yet he wonders why the British authorities suddenly became worried about monetary policy, after showing little response in the past few months to the dramatic growth in bank lending and the 14 percent to 18 percent annual growth rates in broad measures of money supply. These indicators of future in-flation had already begun to worry

widn't expect the government to trading level," where the beliwether bay much attention to those concerns." Mr. Golding said. Thus around 10 percent. when government acted, the market suddenly wondered if things

were worse than they had expected. British monetary policy previously had been focusing on ex-change rates, Mr. Golding said. The authorities had been trying to rate notes into a combination of appreciating so much that British shares in a special-purpose compa-exports became unattractive, and ny owning the underlying undated strike a halance between sterling depreciating to an extent that imports would become more expensive, boosting inflation.

In the spring, the Bank of England had belped push base rates to 9 percent from 11 percent to stifle speculative demand for pounds ahead of the upcoming election, yet uflation appeared to be under con-

Now, the I percentage point rise creates a credibility problem, Mr. Golding said. Traditionally, in dealing with domestic monetary policy, "it has normally required more than a 1 percentage point rise in interest rates to have the type of effect that they need" to dampen inflationary expectations.

For example, if the bank wanted to control a growing money supply by drawing funds out of circulation through a rise in yields on government bonds, thus making them more attractive for investors, the increase should be greater.

Yields on long-dated government bonds reached about 10.25 percent after the bank's announcement, Mr. Golding said, although they later fell back to around 10 Ca . See James .

(Continued from first finance page) think it is," Mr. Golding said. In- discussing plans to harmonize their vestors can already get returns ever regulations on bank capital, and 10 percent simply by putting mon-ey on deposit for three months.

Yields on the benchmark 2003/07 bond would have to reach at least 11 percent to stimulate buy-

government bonds, or gilts.
"I think many people in th



Nigel Lawson Move 'targets inflation.

he said. "I think the gilt market probably will find a trading level "Based on past performance, we not too far away from the current

> Meanwhile, last week was a disappointing one for the merchant bank J. Henry Schroder Wagg & Co. No commercial banks accepted its novel offer to transform \$1 billion worth of perpetual floating-FRNs with a 28-year life and

The concept, which had drawn mixed reviews, was the most farreaching plan to date to deal with the losses stemming from the col-lapse of the \$18 billion perpenual

FRN market late last year. "At worst, it was premature," said Henry Blackie, a Schroder director and a main architect of the plan, noting that it had raised still-unanswered questions involving regulations for bank capital and

tax write-offs. capital adequacy that it bad sought the market. to address apparently were not yet a great concern among Japanese banks, the major bolders of perpe-

In contrast, commercial banks within the Bank of England's jurisdiction face a major capital adequacy constraint if they hold perpetuals as investments: The central bank requires them to reduce their own capital by an equal amount. Without such limits, the issuing of perpetuals would have nominally increased individual banks' capital without resulting in an overall in-crease in capital for the banking system as a whole.

able to buoy the market? I don't Federal Reserve Board had been really there," Mr. Maruri said.

fears that the Bank of Japan would

join this exercise was a contributing factor to the plunge in perpetuals.

Thus the Schroder plan would have transformed the perpetuals ing he argued.

Mr. Lewis of Phillips & Drev is an expected 10 percent capital weighting from the Bank of England, rather than 100 percent.

> ticularly the Japanese banks, Mr. Blackie said, Some FRN specialists added that because the impact of perfect harmonization of bank capital rules would have a devastating impact on Japanese banks, the Bank of Japan is expected to take a

> more flexible approach. Japanese banks had also been given much leeway in deciding what their perpetuals were worth, the FRN specialists said. Therefore, they were reluctant to take the initial 7 percentage point loss from face value on their FRNs that the Schroder plan entailed.

Under certain circumstances, they added, it appeared that any banks acknowledging this accounting loss on their holdings would not be able to convince domestic tax while that has healing loss on their holdings would not be able to convince domestic tax

authorities to count this loss against their taxes. The premium payment that was required to tender the FRNs also proved an obstacle, Mr. Blackie said, even after the payment level was reduced. However, he argued that the system was not properly understood. "The very strong feedback that we got was that price was

Victor Maruri, an FRN specialist with Credit Suisse First Boston Ltd., offered three major reasons why the idea didn't catch on. First, not all investors in perpetuals were facing capital adequacy restraints. Aside from the Japanese banks, holders include insurance companies and other institutional inves-

tors, he noted. Second, many investors bought paper after the price crash and, rather than worry about minimizing their losses, are eager to profit from any price rise. Third, the British institutions that held perhaps \$50 to \$100 million each in underx write-offs.

Specifically problems involving largely liquidated their holdings in

CSFB advised clients that, regardless of their exposure to capital adequacy rules, if they beld highquality perpetuals it was better to sell them in the market, even though market liquidity has shrunk

drastically. If, bowever, they were affected by capital adequacy rules and held low-quality perpetuals that would attract few market bids, then the Schroder plan should be considered. As it turned out, there were few banks in this second category.

"It was e very elever design to cater to various needs, but they The Bank of England and the discovered that these needs weren't

# German GNP Is Forecast To Grow Just 1.75% in '88

MUNICH - West Germany's gross national product, adjusted for inflation, will rise by 1.75 percent in 1988 after growing by an estimated 1.25 percent this year, according to predictions by the IFO economic research institute.

The institute's forecasts are lower than government targets of 2.5 percent growth in 1988 and 1.5 percent to 2 percent this year.

The institute said in a monthly report that growth in GNP, which measures a country's total output of goods and services, including income from foreign investments, would be too small to improve the labor market.

The unemployment rate will rise to 9 percent this year and 9.1 percent in 1988, from the current 8.7 percent, it forecast, Otto Schlecht, state secretary at

the Economics Ministry, said Saturday that the government's targets But the economic research insti-

tute said, "The development of the West German economy since the autumn of 1986 shows more than a temporary disturbance of the growth process. Developments since then mark a clear reduction of the growth rate."

ladustrial output may fall slightly and industry will be unable to contribute much to growth in the oext few months, the institute said. It said exports would pick up next year but would be offset by the

continued strength of the mark. .

## Construction Firms In West Germany Plan to Invest Less

BONN -- West German construction companies have sealed illustrates a recurring problem: shine." Indeed, Obsession is exback investment plans for 1987 be- Whenever one of Minnetonka's in- pected to report sales of \$85 million cause of a reduction in demand for novations catches on, giant compa- in 1987 and \$100 million in 1988, building work earlier this year, the Building Industry Association said Saturday.

It said a survey of companies showed the concerns would increase investment by 7 percent in 1987, compared with a 17 percent rise seen in autumn last year.

had fallen nearly 6 percent in the first five months of the year, the industry association said.

The committee, which advises

tion, oot at expanding capacity.

# Pickens's Stake Is Said to Make Singer a Target

DALLAS - T. Boone Pickens's announcement that his Mesa Limited Partnership owns 4.4 percent of Singer Co. and might buy up to 15 percent has put the company into takeover play, according to some analysts.

They said that although Mr. Pickens could easily finance the purchase of all of Singer's 21 million shares, which could cost as much as \$1.3 billion, he may not be the ultimate buyer.

Mr. Pickens announced Mesa's holding in Singer, a military supplier, on Friday. On July 28, Boeing Co., which

is a military contractor as well as

an aircraft manufacturer, saio

Mr. Pickens was seeking government approval to buy up to 15 percent of its shares. Industry analysis have said that, in contrast to the situation with Singer, Mr. Pickens's plan 10 buy Boeing sinck was more likely a move for short-term profit than

the prelude to a takeover attempt.

Boeing has a market value of

nearly \$8 billion.

Mr. Pickens's filings were made under the Hart-Scott-Rodino antitrust law, which requires



A visual system at a Singer flight simulation unit.

notification in the Justice Department of an intention to buy more than \$15 million or up to 15 percent of a company's stock. Singer's stock price jumped \$4.625 Friday, to \$51.50, with

more than a million shares traded on the New York Stock Exchange. The stock traded as low as \$37.625 as recently as June 30. Boeing's shares lost 87.5 cents in active trading, to \$51.25.

Joseph B. Flavin, Singer's chairman and chief executive, declined to comment on the Mesa before trading began.

Mr. Pickens is under pressure to produce additional income to cover an expected shortfall of \$100 million between Mesa's cash flow and its commitment to pay \$306 million in annual cash distributions on its common and preferred units. Mesa has invested in several

year, including Amerada Hess Corp. and Burlington Northern lne., but sold most of the stakes without making large profits.

After spinning off its sewing machine operations last year. Singer saw its revenue and profit fall. It carned \$58.5 million, or \$2.63 a share, last year, a 28.9 percent decline from the company high of \$82.3 million, or \$4.30 a share, in 1985. Sales fell 29.1 percent to \$1.7 billion.

Philip W. Friedman, a defense industry analyst with Drexel Burnham Lambert Inc. in New York, said that Boeing, Chrysler, Allied-Signal Inc., and General Dynamics Corp. were among the potential hidders for Singer.

"Pickens may not be the ultimate buyer of Singer," he said, but he prohably has put it into

Catherine Montgomers, an energy analyst with Donaldson Lufkin & Jenrette in New York, said that if no other bidders emerged. Mr. Pickens could "easily manage" to finance a Sincer takeover. Mesa has more than \$300 mil-

lion in cash, and credit lines of more than \$600 million.

# Minnetonka to Sell Soap Unit Work Begins on China Nuclear Plant To Colgate for \$60 Million

CHICAGO - Minnetonka gobbling up market share. Corp., which pinneered the con-sumer liquid soap-business in 1979, has said that it will sell the business to Colgate-Palmolive Co. Minnetonka, which makes Obsession per-

ucts, said it would receive between

\$60 million and \$65 million for the soop business. Analysts said that the move, announced Friday, means Minneumka, which is based in Chaska, Min- cy Hall, an analyst with Smith Barnesota, can now more effectively market products with high mar-that in the areas where Minnetonka gins. But they noted the company's remains. "like fragrance, price is exit from the liquid soap business not an issue, and that is where they

Minnetonka for example introduced Check-Up toolbpaste, a plaque-fighting gel that comes in a pump dispenser, in 1984. Procter & Gamble and Colgate followed suit, fume and other consumer prod- and Check-Up's share of the tooth-

paste market fell to 2 percent, from

4 percent, Minnetonka decided to sell Check-Up early this year. "Toothpaste and soap are price-competitive categories," said Nanney, Harris Upham & Co., adding

## H.K. Panel Warns on 'B' Share Issues

HONG KONG — The Standing Committee on Company Law Reform has recommended that there Demand for construction work be no "indiscriminate" issue of

isting equipment and rationaliza- issue of B' shares by listed companies, which it considers could be ment refused, pending a review.

used by substantial shareholders as a means of transferring capital out of Hong Kong while maintaining actual control of the companies,

The special shares would allow big investors to reduce the value of their holding while maintaining their voting share in a company. It added that investment was the government, said Saturday it Jardine Matheson Cheung Kong mainly aimed at replacement of ex- was "opposed to the indiscriminate and Hutchison Whampoa tried to

# Guangdong Nuclear Power Joint

HONG KONG --- Work on the main reactor complex at China's first commercial nuclear power plant has begun at Daya Bay near the border with Hong Kong.

Hong Kong environmental groups peritioned Chinese leaders last year in a bid to halt construction at the site. 30 miles (50 kilometers) north of the British colony.

Venture Co. was set up in 1985 by China's Guangdong Province and Hong Kong's China Light & Power Co. Most of the electricity is destined for Hong Kong.

The venture is to buy two pressurized water reactors from Framatome, the French nuclear supplier, and two turbine generators from General Electric Co. of Britain.

## Dome Rejects Yellowknife Bid

The Associated Pres-

CALGARY, Alberta -Dome Petroleum has rejected a 447 million Canadian dollar (\$335 million) offer from Giant Yellowknife Mines Ltd. for its 21.5 percent stake in Dome Mines Ltd. Giant Yellowknife had of-

fered Dome Petroleum 21.50 dollars a share for its 20.8 million shares in Dome Mines, Giant Yellowknife said it would have used the shares to block a planned merger by Toronto-based Dome Mines with Placer Development Ltd. of Vancouver and Campbell Red Lake Mines Ltd., a Dome Petroleum unit. Dome Petroleum

said it would vote its shares in favor of the merger this week.

# NOTE P.

To The Heiders of CSWI International Finance N.V.

Interest due on the above Leibentures at May 15, 1887, was not paid by CSWI International Finance 2 Vi the Company in The Company has now deposited noth payment with the undersigned as I May 15, 1881 under which such Debentures were issued. Holders of pre-ently outstanding Febentures may now present their coupons for the May 15, 1887 interest agreement at say of the following affices and receive the payment provided for therein.

Bankers Trust A.G. Dreikoengstrasse Co-Security Department CH-8U22 Zurich, Switzerland

Kredictbank S.A. L 43 Boulevard Royal 2955, Luxembourg

# **Bolivia Struggles to Turn the Corner**

# Tough Policies Have Cut Inflation, but Growth Is Elusive

By Shirley Christian .

What had been perceived to be strike lasted longer than usual because the teachers for a few days because their paychecks are late. July's

> teachers in the classrooms. The government took a similar line when petroleum

wage increases, declared the refineries to be under military direction and said everybody who did not return to work the next day would be dismissed. In addition to taking a tough stand with the labor unions, Mr. Paz. who took office two years ago, has

instituted a public-sector wage freeze, ended price controls and allowed the exchange rate to float freely. He also proposed that state-owned companies be restructured to reduce the size of the public sector and that the tax system be reformed.

As a result, inflation, which was running at an annual rate of more than 40,000 percent in August 1985, is expected to total between 13 percent and 20

While that has helped to bring back some capital, it still puts working credit beyond the reach of most nen and farmers. And more people are paying taxes, which most

Bolivians say they almost never did before. The gov-ernment says that tax collections will equal 3.5 percent of the gross national product, or total output of goods and services, this year and 10 percent in three years. But there still are serious problems for the country, which is ranked as one of Latin America's poorest.

little revenue because the leading buyer, Argentina, New York Times Service has not paid its bill for a year and a half.

LA PAZ — Every month, Bolivia's teachers strike

And cocaine, which had been bringing in an amount

al to all legal exports, has been disrupted by U.S. efforts to attack cocaine processing laboratories. a problem here in London is not seen to be a problem of the same to be a problem of the same.

The action caused Bolivia to ask the United States seen to be a problem of the same.

The government of President Victor Paz Estenssoro last year for a \$100 million loan to help defray the cost of reduced exports.

Today, Bolivia is looking for ways to resume growth after five negative years. But international bankers are workers went on strike. It said there was oo money for not eager to invest more in a country that already has an external debt of about \$4 billion.

Flavio Machicado, an economic consultant who served as finance minister in two previous governments, said that Bolivia's longtime economic model, based on tin and state control, was worn out and that the country now had to go through a transition "to a

new kind of mining and to new agriculture." "But the problem," be said, "is how to deal with the social pressure in the meannime, how to feed people and avoid violence."

Bolivia is working with international organizations, including the Inter-American Development Bank and the World Bank, to raise \$1.5 billion for such projects

as roads and bridges, oil exploration and the expansion of the mining industry.

As part of the plan, Bolivia intends to sell half of its gold reserves to raise \$100 million, which it would lend

to private business to promote exports. At the same time, the government bas developed a two-pronged proposal for dealing with its \$1.1 billion debt to private foreign banks.

The proposal includes an arrangement under which purchasers of debt paper can acquire interests in stateowned companies equal to 50 percent more than the amount they paid for the debt.

Bolivia has also offered to buy back part of its debt The collapse of the international tin market two from the banks at a percentage of face value that has years ago almost wiped out Bolivia's main legal export. Natural gas, now the chief export, is bringing in 20 percent.

# U.S. Bonds Perk Up as Congress Acts

buoyed by weakening oil prices and expectation among securities dealers and institutional investors that Congress would succeed in extending the government's debt ceiling. After trading closed Friday.

U.S. Consumer Rates Money Market Funds Denoghwe's 7-Day Average Homes Marigage, FHLB average rce : New York Times

**BANQUE NATIONALE DE PARIS** 

US\$400,000,000 floating rate notes 1984 due 1995

The rate of interest applicable to the interest period from August 6, 1987 to February 8, 88 as determined by the reference Agent is 7%

per annum, namely U.S. \$393.96 per bond of US\$10 000.

those expectations were fulfilled things have been troubling it NEW YORK - U.S. bond when the House of Representatives tensions in the Gulf, which have

> U.S. CREDIT MARKETS debt-limit increase to \$2.35 trillion, which is effective through Sept. 23. By late Friday, the Treasury's

30-year 814 percent bonds were offered at 98 13/32, up 11/32, to vield 8.90 percent. Uncertainties about the Treasury's quarterly refunding, scheduled for next week, had weighed

heavily on the bond market. "Although there were fluctuations today, the bond market has been in a bearish mode most of the week," said Theodore Tung, chief economist of the National City Bank in Cleveland, "Basically two

prices showed strength last week, and Senate approved a temporary intensified fears of inflation, and a beavy slate of Treasury financing. "Many traders are alraid that yields, especially on long Treasury bonds, may rise into the refunding

in order to attract the participation of Japanese investors," he said. Bond prices, meanwhile, were lower in Friday's trading on stronger-than-expected July employment data released by the Labor

(NYT, UPI)

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Bankers Trust Company Dashwood House 69 Old Broad Street London EC2P SEE

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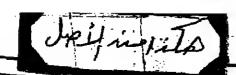
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# Central Banks Can't Tame Dollar

NEW YORK — Currency traders say that despite attempts by the Federal Reserve and the Bundesbank in hold down the value of the U.S. dollar, central bank intervention is probably futile given the bullishness for the currency.

Normally when central banks sell dollars anx-

ious traders join in the sell-off. But this past week, the dollar rapidly recovered from each interven-tion by the U.S. and West German central banks. and on Friday it even breached a key resistance level against the Deutsche mark.

Dealers said the modest size of the two central banks' open-market operations suggest they are only concerned at this stage with putting the

brakes on the dollar's speculative surge.

They are trying to slow the dollar's ascent, not turn it around, otherwise they'd have spent more," said John Lynam, vice president of corporate foreign exchange at Security Pacific Corp.

The dollar jumped 4 pfennigs in the space of a

week to a seven-month high of 1.8930 DM in New

sold dollars during the week. "They're just trying to keep the dollar from running away," said Larry Ryan, foreign exchange manager at European American Bank,

Dealers say they believe the dollar sales — estimated at between \$300 million and \$500 million each by the Fed and Bundesbank — were kicked off by the U.S. central bank on Tuesday, when the dollar rose about 1½ pfennigs.

On Wednesday, the Bundesbank took the unusual step of confirming that it had intervened in the open market to sell dollars. It stepped in again on Thursday. The Fed also sold dollars on Wednesday and Thursday, dealers said. The U.S. central bank does not comment on intervention.

Heightened tension in the Middle East has made would-be sellers nervous. The U.S. currency is viewed as a haven in times of turmoil.

Moreover, positive U.S. economic data, such as the surprisingly strong employment report for July, are forcing even pessimists to reassess their views. "This is the first number I've seen far some months that has made me think again about the

# TRADE: Soviets Face Array of Obstacles in Effort to Sell Manufactured Goods in U.S.

(Continued from first finance page) blocks if they are seen as too suc-

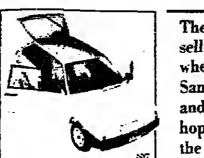
cessiol. Since March, imports of the untreated cotton fabric - known as gray goods and used in apparel and upholstery - have been doubling monthly, reaching 8 million square yards (6.4 million square meters) in May, the latest month for which figures are available, according to Carlos F. J. Moore, executive vice president of the American Textile

Manufacturers Institute.

Mr. Moore said the product has fice of the U.S. Trade Representative.

Bussians are preparing to sell a front-wheel-drive hatchback called the Moskyich 2141 in Western Eugen 29 cents a square vard (31 cents a lin the eyes of Soviet officials, the Manufacturers Institute.

Bowing to pressure from U.S. textile producers, the federal government on July 22 limited imports of gray goods from the Soviet



39 cents a square yard (31 cents a square meter), or about ball the larger issue is reciprocity. In the control content, he said.

In the eyes of Soviet officials, the thic Moskvich 2141 in Western Euprope and the United States by 1990.

The Moskvich 2141 in Western Euprope and the United States by 1990.

The Soviet Union has also recently introduced the Samara — a with the Soviet Union of about \$30 front-wheel-drive vehicle — in billion Russian reads of the control wheel-drive vehicle — in billion Russian reads of the control wheel-drive vehicle — in billion Russian reads of the control wheel-drive vehicle — in billion Russian reads of the control wheel-drive vehicle — in billion Russian reads of the control wheel-drive vehicle — in billion Russian reads of the control wheel-drive vehicle — in billion Russian reads of the control wheel-drive vehicle — in billion Russian reads of the control wheel-drive vehicle — in billion Russian reads of the control wheel-drive vehicle — in billion Russian reads of the control wheel-drive vehicle — in billion Russian reads of the control wheel-drive vehicle — in billion Russian reads of the control wheel-drive vehicle — in billion Russian reads of the control wheel-drive vehicle — in billion Russian reads of the control wheel-drive vehicle — in billion Russian reads of the control wheel-drive vehicle — in billion Russian reads of the control wheel-drive vehicle — in the control wheel-drive vehi billion. Russian trade officials noted during interviews in Washing-

"We cannot buy from you, if you

The Russians are selling the fourwheel-drive Samara in Canada and Europe, and hope to market it in the United States.

Canada and Western Europe.

Mr. Kozhevnikny said the moves chev, the Soviet leader, in expand-

ing exports to the West in general. In a decentralization move that became effective last Jan, 1, 20 ministries and 70 large state enterprises received the right to trade directly with the West. Before, the Ministry of Foreign Trade had con-

trolled all such trade. The Russians are acting "wherever they can find a fit between what they are producing and what is marketable in the West," said a State Department official who munitors the Soviet economy.

American officials are watching the Soviet trade initiatives with keen interest. Recently, there have

to increase sales of manufactured global trade nrganizatinn now goods to the United States reflect the interest of Mikhail S. Gorba-liberalization. Moscow's offer was rejected nn the ground that the Soviei economy was nni compatible with the econnmies of most of the

93 GATT members. "We're looking to see how to fit the Soviets in the overall pie of global trade, but we don't have any answers yet," one American policy-

In light of the generally poor rating of Soviet products, many U.S. officials see joint ventures with Western companies as the key to future Soviet success in export-

'They would provide the Western manufacturing control and worker incentives that would allow which it hopes to sell eventually in the United States as well.

We are quite confident that we convertibility of the ruble. The So-said Mr. Vargo, the deputy assis-

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46 Conclusion

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# **SPORTS**

# Several Soviet Hockey Stars Tigers Win, 15-5, Drop Yanks Out of First May Be Headed for the NHL DETROIT - Darrell Evans hit

SAN FRANCISCO - Atlee

Hammaker pitched a four-hitter

Saturday and Will Clark drove in

two runs to help beat Cincinnati, 5-

ants to within three games of the first-place Reds in the National

League's West Division.

four-game series.

and pull the San Francisco Gi-

Hammaker gave up only a sec-

and an eighth inning home run by

Eric Davis through eight innings en

route to his second complete game

this year. Hammaker walked four

and struck out five as the Giants

in the first inning almost every

STOCKHOLM - Igor Dmitriev, who reportedly will be the next national Soviet ice bockey coach, said Saturday that he would not be surprised if several of his stars are in National Hockey

League uniforms as early as next season. The players will get an extra motivation if they get a chance to play as professionals," said Dmitriev, currently the squad's assistant coach.

The team is here to play Sweden in two exhibition matches.

"It wouldn't surprise me if at least 20 Sovies players perform in the NHL in the next couple of seasons," Dmitriev said. The price will have to be discussed, but money won't be the deciding matter in such a deal.

"The players would be stimulated by this opportunity to become well-paid professionals. And I believe this internanonal exchange will develop ice hockey in all countries."

lo the past, the catch had been that the Soviet Union was willing only to send a top player who would reflect well



on its program, but wanted to keep its best players for international competition. Now it seems that Soviet officials are changing their minds.

Victor Tikhonov, who is expected to

retire as coach of the team after the 1988 Winter Olympics, said five of the best players could receive official permission to play in the West following the Games in Calgary. "I know our ministry of sports is considering letting some of our players go abroad, he said.

The five stars reportedly include defensemen Vyscheslav Fetisov and Alexei Kasatonov, and forwards Vladimir Kru-tov, Igor Larionov and Sergei Makarov - the team's top unit of the 1980s. Makarov is the all-time Soviet points leader

in games against NHL teams.

Vyacheslav Koloskov, chairman for hockey and soccer on the Soviet National Sports Committee, has the final say, according to Werner Persson, a Swede traveling with the Soviet team.

Such a policy change could also affect soccer and other sports, such as basketball. Persson said. Six members of the Soviet basketball team are currently playing a series of games in the United States with the NBA's Atlanta Hawks. Several Soviet bookey players have received permission to play in the West in the past, but oo national team member has ever played in the NHL. Fetisov was drafted in 1978 by Moo-

treal and in 1983 by New Jersey. Kasatonov also was drafted by New Jersey in 1983. Krutov in 1984 and Larience in 1985 were both drafted by Vancouver, while Calgary picked Makarov in 1983. The bockey squad crossed the com-

game recently. He's got to give his team a better chance. mercialism line last spring when it became the first Soviet team to sign an individual sponsorship contract. During Braves 9, Dodgers 7: In Los Angeles, Dale Murphy bomered twice an exhibition game here, the players wore ads for a Swedish computer comand drove in four runs and Gerald Perry got three hits, one a two-run home run, for Atlanta. pany on their jerseys. (AP, UPI)

## SUNDAY BASEBALL

a two-run home run Sunday to cap the Yankees with the Tigers 11/2 a nine-run fourth inning and Alan Trammell, Bill Madlock and Matl games behind the Blue Jays. May 17, pitched six innings and Nokes also homered as the Detroit runs and eight hits in eight innings. Figers routed New York, 15-4, and again knocked the Yankees out of

The Tigers got 14 hits off seven first place again in the American pitchers, with starter Dennis Rasmussen being pounded for eight hits and eight runs in three innings. The Tigers won three of the four games of the series and outscored Rick Cerone, the Yankees' catcher, pitched the eighth. Blue Jays, who beat the Cleveland

Bine Jays 5, Indians 1: In Cieve-Indians, took a half-game lead over land. John Cerutti won his seventh

SATURDAY BASEBALL

John Kruk homered in the seventh

and singled in Tony Gwynn from second with one out in the 10th to

Pirates 5, Expos 2: In Pittsburgh,

Cardinals 9, Phillies 5: In Phila-

Cabs 5, Mets 3: In New York.

Dave Martinez and Luis Quinones

game winning streak. Jay Baller

struck out Howard Johnson with

the bases loaded to end the seventh

Yankees 7, Tigers 0: In the

American League, in Detroit, Tom-

my John pitched a two-hitter for

first shutout since 1984 and

and preserve a one-run lead.

delphia, Tommy Herr homered, doubled twice, singled and drove in three runs and Tony Pena hit a

R.J. Reynolds went 3-for4, ho-mered and had three RBIs against

Montreal.

won their second straight in the three-run home run for St. Louis.

The Reds' manager, Pete Rose, Dave Martinez and Luis Quimones said of his starter, Tom Browning, each got two RBI and Chicago, "He's given up three, four, five runs with 16 hits, ended the Mets' seven-

Padres 4, Astros 3: In San Diego,

straight decision and Jesse Bar-field, Willie Upshaw and Lloyd League West, less than a percentage Moseby homered for Toronto Moseby homered for Toronto. Ceruti. 8-2 and undefeated since

Winner Dan Petry gave up four gave up seven hits, including Tommy Hinzo's first major-league homer, in the sixth. Cerutti struck out four and walked none.

Twins 7, Athletics 5: In Minneapolis, Kent Hrbek, Tom Brunansky, Tim Laudner and Gary Gaetti homered in helping sweep a four-game series against Oakland.

hits and Brett Butler scored rwice

Red Sox 8, Royals 3: In Boston,

rookie Ellis Burks went 3-for-3 with

two doubles and a two-run home

Rangers 11, Orioles 5: In Balti-

two-run shot helped Texas win.

four and scored four runs against

Oakland in support of Steve Carl-

Brewers 5, White Sox 3; White

Mariners 5, Angels 3: In Seattle,

Sox 8, Brewers 6: In Chicago, Ron

ton's 329th victory in the majors.

run, against Kansas City.

in the East Division.

gainst Toronto.

Kevin Seitzer and Steve Balboneach got three of Kansas City's 17 hits and rookie reliever John Davis got his first major league victory.
Davis, called up from the minors The Twins began the series in July 21, bailed out starter Bud Black after the Red Sox tied at 3 in the third and allowed only four hits Hammaker 4-Hits Reds as Giants Win

in 6% innings. Giants 3, Reds 2: In the National League, in San Francisco, Mike Krukow held Cincinnati to five hits Dan Pasqua hit a two-run homer to put New York back ioto first place for 815 innings and Will Clark bomered to help win the first game of Indians 3. Blue Jays 1: In Cleveland, Tom Candiotti scattered eight

point behind the Athletics. They

outscored the Athletics, 34-17, in the

sweep and got their seventh four-homer game of the season.

Orioles 5, Rangers 4: In Balti-more, Ray Knight's pinch-single with two out in the ninth drove in

Royals 8, Red Sox 3: In Bostone

the run that beat Texas.

Krukow did not allow a bit until Barry Larkin singled with one out in the sixth, as the Giants woo their third straight over the Reds and their seventh straight at home. Krukow struck out seven and walked none.

more, Tom O'Malley's three-run Cubs 6, Mets 3: In New York. homer and Oddibe McDowell's Jody Davis bomered in the fifth and ended a seventh-inning tie with Twins 9, Athletics 2: In Minnea single for Chicago. apolis, Kirby Puckett went four for

Dwight Gooden, who had won four of his last five decisions, gave up six runs on nine hits in 6½ unnings.

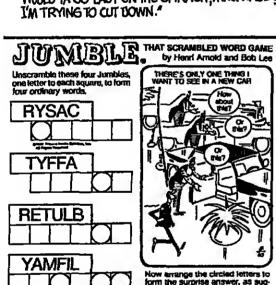
Davis, who had given the Cubs a
2-1 lead in the fifth with his homer, fouled off two pitches in an at-Hassey got three of his team's 13 tempt to bunt, then singled to left hits in the second game of a double-beader spbt with Milwaukee.

to score the game-winning run.
Pirates 4, Expos 3: In Pittsburgh,
pinch-hitter Andy Van Slyke's two-Alvin Davis's two-run homer began run homer capped a three-run eighth-the defeat of California. (UPI, AP) inning rally that best Montreal.

## C New York Times, edited by Eugene Maleska



'WOULD YA GO EASY ON THE SPINACH . MRS. WADE?



(Answers tomorro What that whale was always doing --

# WEATHER



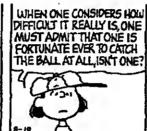
#### **PEANUTS**

**BLONDIE** 

BUT I



I'M SORRY, BUT IF YOU HAVE NO RESER ...

















# WORLD STOCKS IN REVIEW / Via Agence France-Presse

Amsterdam

The focus on the Amsterdam stock market last week was again on publishing companies, as the outcome of the battle for Kluwer remained unclear.

The situation was complicated by the an-councement of the British publisher Robert Maxwell that he would seek cooperation with Elsevier, a Kluwer bidder. Elsevier's shares gained 20 percent to 67 guilders.

All major stocks were substantially higher

Prices fell over a broad front on Monday on increased tension in the Middle East. On Tues-day, the publishing sector again dominated, and Wednesday saw hectic trading centering on Elsevier and Kluwer. On Thursday, the market was strong, with

the CBS international index rising 3.1 to a record 358.6. On Friday, the trade index reached an all-time high of 457.5.

Market turnover was 7.67 billion guilders for

the week, against 5.48 billion the previous Kempen & Co. stockbrokers in Amsterdam said the short-term outlook is positive, as the

## Frankfurt

West German stocks made new gains last week with the Commerzbank index climbing 52.3 points to 2.039, its highest since the start

dollar shows no signs of weakening.

The dollar's strength, at about 1.90 Deutsche marks, stimulated the eight West German ex-changes because of the possible boost it offers to German exports. Most West German blue chip shares enjoyed strong foreign demand. Volume reached 33.8 billion DM, against

24.79 billion the previous week. Auto stocks rose, with Volkswagen up by 9.20 DM, BMW by 11, and Daimler 43. Among electricals, Siemens gained 16.50 DM to close at 711 and AEG 9 DM to 341. The Linde consumer goods group gained 21 DM to

Banks remained strong, notably Deutsche Bank, which gained 53 marks.

# Hong Kong

The Hong Kong stock market finished last week on another high, with the Hang Seng Index gaining 38.24 points Friday to close at a record 3,536.19, up 56.95 on the previous week. It was the third record of the week, with dealers apparently keen to buy after the market

Average daily turnover was 2.46 billion Hong Kong dollars, soaring past the previous week's 1.88 billion. Dealers said the market was in a bullish mood and that the high turnover was likely to

#### continue in the short term. London

Nervousness about the Middle-East and key economic indicators, notably next Tuesday's trade figures, sent shares sharply down from the cutset on the London Stock Exchange last On Thursday, both Financial Times indexes

recorded their worst one-day falls, when the Bank of England gave the signal for a surprise I percent rise in bank base rates, to 10 percent. The gloomy mood continued on Friday as panic selling gripped the market, with some analysts even seeing the start of a free-fall of prices that would end the City's decade-long

"bull run" of rising share values. The Financial Times industrial share index ended down 125.6 points on the week, at 1,726.9, a 6.7 percent fall.

Gilts were also sharply affected, after early support was provided by a significant rise in Britain's gold and currency reserves in July. Consumer stocks, banks and insurances were among the worst hit. Oils and mining stocks went into sharp retreat after initial gains prompted by oil and precious metal firmness.

## Milan

Milan stocks dived last week, as the crisis in the Gulf coincided with the traditionally slack buying interest of midsummer.

The Comit. index fell 4.36 percent over the week to close at 657.43, its lowest this year. An average of 16 million shares were traded each day, for an average value of 64.5 billion lire, against 62 million shares and 358 billion lire the previous week.

The market has lost around 9 percent of its sector has been affected. Olivetti closed the week 5.56 percent down; Fiat ordinary lost 4.49 percent to reach a 1987

value in the past seven months, and every

low; Montedison, launching a takeover bid for Total-Italie, finished 5.84 percent down.

#### Paris

Middle East developments and a sharp rise. European interest rates last week temporare ily ruined Paris Bourse hopes for an August rally. The CAC index finished the week at 410.4, against 414.7 the previous Friday.

Prices dropped on Monday and Tuesday. but rallied somewhat on Wednesday as Iranian . maneuvers in the Gulf proved incident-free:

The tone was better on Thursday, helped by lower prices on world oil markets and a good Wall Street performance. Observers noted that some foreign investors

were beginning to return to the market, and . London brokers expressed optimism about Paris stock prices during the next several weeks. French analysts said that Paris shares had dropped to attractive levels.

# Singapore

Singapore shares were strongly supported in holiday-shortened week by interest fromoverseas and local institutions.

Gains were noted in all sectors, sending the Straits Times industrial index to a new high of . 1,464.22, with a gain of 64.24 points for the

Total volume was slightly reduced because of the holiday, reaching 165.9 million shares. valued at 526.9 million Singapore dollars.

Tokyo stocks overcame early setbacks last week to notch up their third consecutive week-ly advance. The 225-issue Nikkei Averagy gained 312.84 yen to close Friday at 24,800.95.

The market was bearish Monday and Tues day amid fears that tension in the Gulf would cause a further rise in oil prices. But feeling changed Wednesday, as the Gulf situation ap-

cuanged weanesday, as the Cult situation appeared calmer. Buying strengthened Thursday and Friday, spurred by Thursday's latest record-breaking run on Wall Street.

Sony rose to 4,910 yen Friday up from 4,780 a week ago. Nippon Steel rose to 330 yen from 321, civil engineering company Taisei Corp. to 1070 yen from 200 and the strength of the streng 1,070 yen from 999 and engineering company

Majima to 1,790 yen from 1,640.

Many market analysts agreed that the built trend would continue this week with institutional investors, who have tended to stay on the sidelines, expected to come back to the

# Zurich

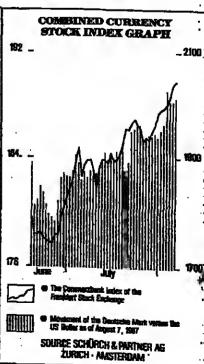
The Zurich stock market had another good week, and observers said the trend should. continue in the absence of serious incidents in-

the Gulf.

The Credit Suisse index closed the week at .

592.6, against 583 the previous week, while the Swiss Bank Corp. index closed at 691.2, against 674.8. Both were record highs, and analysts said the Swiss Bank index should easily move above 700 this week.

Bank stocks remained very firm, especially Swiss Bank Corp., which was up 21 to 516. Financial companies did well, with Oerlikoo-Bührle rising by 35 to 1,485.





# **SPORTS**



English Soccer Squad Defeats The Rest of the World, 3-0

Two goals by Bryan Robson and one by Norman Whiteside gave start of the league's centenary season and drew players from 16 the English League a 3-0 victory over Diego Maradona (working, above right, against Paul McGrath) and his Rest of the World teammates in a soccer match Saturday at London's Wembley

nations. Maradona, who plays for Italian titlist Napoli, was paid £90,000 pounds to appear in England for the first time since he -Stadium. Televised live to 63 countries, the game marked the Argentina's 2-1 decision over England in last year's World Cup.

# McCumber, Weibring Tied for PGA Lead

By Thomas Boswell

Washington Post Service PALM BEACH GARDENS, Florida Larry Mize, born and raised in Georgia, won the Masters. Scott Simpson, born and raised in California, won the U.S. Open at the Olympic Club in San Francisco. Nick Faldo, born and raised in England, won the British Open. Three majors, three native sous; never happened before.

So guess who's tied for the PGA Championship lead heading into Sunday's final round. The only native Floridian in the 150-man field -Mark McCumber. On the omen scale, that's a 10.

"It's true, I play my best in Florida, My brothers and I grew up picking crab grass off the 14th green at Hyde Park in Jacksonville for greens fees. I just feel more comfortable on the courses here," said McCumber, whose 18thbole birdie gave him a 69 and tied him with D.A. Weibring (67) at 4-under-par 212, one stroke ahead of Ray Floyd (73) and Bobby Wadkins (71).

Although a half-dozen players have excellent chances, including Seve Ballesteros (72) and Lanny Wadkins (74) at 214, it is startling to see how much McCumber fits the profile of a winner here. Of his five tour wins in 10 seasons, three have been in Florida, including two at Doral's Blue Monster, the one course on earth that may

most resembles the PGA National Champion course here, a watery, sandy 7,002-yard test.

McCumber is in such an unflappable zone that he began this tournament Thursday with a triple-bogey 7. yet never got upset. "Don't know why, I just didn't... Figured I took a week's worth of medicine on the first hole."

Many here are totally spooked by this 69th PGA's rugged conditions. The rough, says Weibring, is as bad as any he's ever seen. As Ballesteros said of one of his greenside saves, "I couldn't see the ball, but I knew it was down

there so I just swung."

The greens are hideously humpy due to a chemical blight. Nobody can make a purt. Weibring's 67 tied the course record, hat he might have had who-knows-what if many short birdie putts hadn't rolled like walnuts on a gravel driveway.

But McCumber feels right at bome. "I understand these Bermuda greens where the ball may break uphill. I know if you don't hit a putt just right when it's into the grain, it'll bounce drive it into the rough you don't even think about going for the green. You're lucky if you can control a 60-vard modes about going for the green. can control a 60-yard wedge shot well enough

to put it back in the fairway."

Few have been able to cope with the vicissitudes of this course. Lanny Wadkins, co-leader with Floyd at the start of play on Saturday (see Scoreboard), began birdie-par-birdie and reached 6-under to lead alone. The pext 10 holes he played in 5-over-par, digging himself deep into

nis infamous funk. Floyd suffered almost as much. The leader alone at 5-under through six holes, he went from rough to rough for a double bogey on the 222-yard seventh. It took him two hours to recover his momentum, but birdies at the 17th and 18th boles revived his spirits and his



Mark McCumber: Feeling right at home. who would be happy.

teros. He came here vowing to be a loosey-goosey golfer, out for a good time. So after birdies at Nos. 5, 6 and 10 to reach 5-under and the lead, what did the Spaniard do? He went back on his vow to play aggressively and dar-ingly. He pulled out a 2-iron at the 441-yard 16th hole and a 1-iron at the 541-yard 18th, hitting them both into water. Hello double bogey and bogey.

In a summation that instantly made golfing lore, Ballesteros said: "I'm trying to convince myself that I'm a happy man."

As if Ballesteros needed any further aggravation, he was to be paired on Sunday with Lanny Wadkins and Floyd, Floyd, the high-stakes gambler, is renowned for "the look" - a reflection of such self-absorption that he walks right past his own wife. With his fast swing, grumpy temper and cocky air, Wadkins is nobody's favorite last-round partner.

Of all this event's subplots, one of the best is the possibility of a Wadkins-vs.-Wadkins shootout. Lanny Wadkins is headed for golf's hall of fame. Bobby Wadkins has cashed over a million dollars in checks but has never won a tour event. But if he wins here, he'll equal his hroth-

er's career total in majors — one PGA.

On such a fascinating scoreboard, the man who's easy to miss is Weibring, simply because he's only won once in 11 seasons on tour and is visibly hung up oo shaking his Never On Sunday tag. "I've been around. I welcome the challenge." said Weibring, who probably had the week's best ball-striking round on Saturday, hitting every fairway and never making a bogey.

"I've reached a lot of the goals I've set in golf and in my life. But I keep gesting it thrown back in my face that all I've ever won is the Quad Cities Open. I understand that. But I want to change it," added Weibring, a sports psychology afficiency whose mantra for the week is: "Be as mentally engaged, yet as physically re-laxed as possible."

All around McCumber are men on quests. The Wadkins brothers. The driven Floyd who wants badly to make the Ryder Cup team. The frustrated Weibring who wants to vindicate his competitive heart. And Ballesteros, the man

## SCOREBOARD

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#### Baseball

riday's and Saturday's Major League Line Scores Owen; Hurst, Schiraldi (8) and Marzage, W-

FR(DAY'S RESULTS AMERICAN LEAGUE 800 800 800-8 0 1 839 481 881-8 12 0 Norst, 13-4, L.—Gublezo, 13-4, N.R.—Boston, Burks (17),
New York 621 166 662—7 8 8
Dehralf 688 686 686 68 2 2
John and Cerone; Kins, Thurmand (56 and Nokes, W.—John, 11-4, L.—Kins, 54, H.Rs.—New York, Possua [10], Cerone (3), Ward (13), Mattingly (19), on 141 and Cerone: Rabinson Robinson, 8-5, L—Rhoden, 14-Mattingty (19). First Game

Alitemetre 191 eas see—6 16 0
Chicago 280—10 10
Burris, Crim (6) and Surhoff, DeLeon, Long
(6). Secrete (7) and Fist, W—Burris, 1-0, L—
DeLeon, 5-10, Sv—Crim (3), HRs—Chicaso,
Bolines (17), Colderon (14).

Second Game

7. HR;—Detroit, Bergman Is), Marrison [1]. Teyas 800 200-2 3 8 Beitimore 92 200-201-2 1 8 Kilaus, Guzman (3), Howe (5), Russell (7), Mohorcic (8) and Stanley; Dison, 5-0. L-Kilaus, 1-4. HR;—Taxis, Sierra (21), Beitimore, C. Righen 1211, Sheits 2; (20), 10 600 200-3 7 8. Beston 91 100 100-4 6 8 Leffbrondt, Davis (9) and Gurks Sellers and Morzona, Wi-Sellers, 4-4. L-Leibrondt, 11-5

Leibrondi, Davis (\*) and Guirk; Sellers and Morzono, W-Sellers, 4-4. L.—Leibrondt, 11-9; NR\$—Konses City, White (2).
Teresia 688 159 385—15 14 8 Cleveland 688 159 385—15 14 8 Cleveland 7 1 Sileb, Eichhorn [9] and Whitt; Alogrekds, Kolser (5), Ritter (5), Stewart [9) and Allon, App. W-Stieb, 11-5; L.—Akerfelds, D-3, NR\$—Toronia, McGriff [16], Bell (34), Colland, McGriff [16], Bell (34), Colland, McGriff [16], Bell (34), Colland, Lorina, Eckersley (1), Leiper (5) and Steiper, Telleton (6); Nickra, Schotzader (9) boch, Tellleton (85: Nietra, Schalzader (9) and Butera: W-Niekro, 4-8. L-Lome, 1-3.

Milwaukee 000 991 219 3—7 10 1 Chicasa 181 992 290 6—1 13 1 Knudson, Clear (7), Plesoc (10) and Schroedet, Surfolf (10); La Point, Thiopen (7), Searage (10), Winn (101. Wcar, 6s. L—This

NATIONAL LEAGUE

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Corter, W-Darling, 8-7, L-Sutcliffe, 15-5,
NRS-Chicopo, Sandbers 1131, New York,
Santona (5), Carter 1161.
SL/Lods
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Phillodeiphia 410 920 801-- 12 0 430 500 Bla-15 12 0 Philiodeiphile 439 998 82s—15 12 0 Mögrane, Turnell (2), Perry (4), Dawlery 10), Dependo (8) and Perro, Lake (4); Rowler, Tékulve 10), Bedroston (7) and Parrish, Douton (7). W-Rowley, 14-5. L.—Magrane, 6-1. HRs—St. Louis, Marris (2). Philiadeiphilo,

Jornes (12),
Mentreul 800 E21 808—3 7 1
Pitisbursh 900 918 96x—9 13 0
Sebra, McGarifipan (5), McClure (7), St.
Claire (8) and Reed; Walk, Globen (7) and
Criyalisre, W—Walk, J-1, L—Sebra, 6-12, Sv—
Glagon (3), NRs—Montreol, Roines (12), GaJorropa (10),
Citecteneth 100 900—1 5 8
Sae, Francisco 80 112 80x—3 4 1
Gaillickson, Williams 191 and Diaz; LoCoss
and Arenly, W—LoCoss, 10-6, L—Guillickson,
10-9, NRs—San Francisco, Clark (22), Miltchell (14),

ntt. Ageste (7), Childrens (7) and Ashby

Welch, 10-7, HRS—Attorno, Perry 15).-Los Angeles—Shelby (16).

SATURDAY'S RESULTS AMERICAN LEAGUE 804 801 680—1 103 186 80x—3 inez. Musselmon (3), Eichhorn (7). Henke and Whiti: Condicti and Allanson. W— light, 5-11, L—Nunez, 1-1. HR—Toronta,

Major League Standings

Si. Louis New York Assyrradi Calcono Philodelphic

San Francisco Atlanta

AMERICAN LEAGUE COLLEGE CASE WESTERN REGERVE-57 52 523 6 52 57 A77 13 49 61 A45 164-41 67 373 241/2

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56 .491

60 52 536 — 54 55 ,505 3½ 54 54 ,507 3 53 54 ,486 5½ 54 56 ,491 5 CFL Standings

W L T PF PA Pts 57 42 .615 —
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47 61 .445 1812 Bril Cimb Edmanton Saskatchwa Calsary \$2 527 --\$5 .405 1V: \$5 .500 2 60 .450 8V: 4) .440 9V: Salveday's Result

son (4) and S.Bradley. W. Morson, 16-11, L. PGA Championship

Transition

BASEBALL Americas Laupse
CLEVELAND—Ploced Resule Ritter.
plicher, on the 21-day disabled list, Activisted
Julio Franco, shortetos, from the disabled list.

National Leasue

er (9) and Lav

LOS ANGELES—Placed Brad Havens, pitcher, on the 15-day disabled list. Recoiled Shawn Nillegas, pitcher, from Albuquerque of the Pocific Coast League.

PITTSBURGH—Traded Jim Morrison. PITTSBURGH—Trace Jum Nortake Mart baseman, to Defroit for Darnell Coles, Italia baseman, and a player to be named later. SAN FRANCISCO—Activated Condy Mai-donada, outfielder, from the 21-day displaid list. Optioned Randy Kutcher, infielder-out-

BASKETBALL BASKETBALL
Noticed BasketBall Association
PHOENIX—Announced a modification on
the June 21 made with Detroit involving cathper William Bedford; Phoenix will receive the
Pistons Tirst-round pick in 1986 instead of in

FOOTBALL Canadian Featbell Leases

CALGARY—Released Brion Beary, offensive lineman, and Garret Doll, linebacker.

OTTAWA—Released Craig Shoffer, linebocker. WINNIPEG—Released Bred Taylor, quer-

National Football League BUFFALO—Signed Mortin Bayles HOUSTON—Signed Karl Baidisch tensive lockle.

NEW ORLEANS—Waived Tim Heaty, of-lensive Sockle, and Vincent Jessey, guard.

N.Y. JETS—Signed Dennis Bilgen, running

bock.
PHILADELPHIA—Troded Leonors Mitchell, right tockle, to Atlanta for a fourth-round druft pick in 1988. Signed Mike Signo, wide receiver; Grees Garrity, wide receiver, and Jarry Feshery, obriev.
PITTSBURGH—Walvyd Mike Monchil punter.
SEATTLE—Released Tom McCorthy,
punter: James Williams, rumine bock; Fred
Davis, connerback; James Bowers, safety;
Ken Strondley, placeklaker; and Henry Har-

ris, nose tockle.

YAMPA BAY—Signed Jeff Dovis, inside Knebocker.

Corol Dugan women's baskefbell coach, as-sistent track coach and physical education sistent track coach and physical education instructor.

COLORADO—Named Tim LoVallee ski

Football

1 0 206 154 10 2 1 281 181 9 3 6 181 177 6 3 8 118 188 4 (At Stratton Mountain, Verment) W L T PF PA PHS 4 2 0 173 E4 P

Ivon Lengi ()), Czachoslovskie, del. Kelly Jones, U.S., 6-3, 6-1. Lendi del. Agassi, 6-2 5-7, 6-3.

Golf

73-72-74--219 73-74-73--220 73-72-77--220 71-77-74-222 21-70-61-222 73-73-73-222 73-73-73-222 73-73-73-222 73-73-77-222 73-73-77-723

CORNELL (IOWA)-Added the position of

football coach to the duties of Steve Miller, basketball coach and athletic structor. GEORGIA TECH Announced It is droping its symmetries program. KUTZTOWN— Chris Mediin, lacrosse coo-Ch. resigned. Named Judy O'Connell warmen's tennis and satisful couch and assistant warmen's basketaat coach.

MARYLAND—Announced the resignation of Stan Pitts, track, coach. Named Charles Torney acting coach. MERCY-Named Drew Marino baseball

MIAMI (FLA.)—Named Daniel Chu, David assibili coach, resigned to become on ani athletic director. Homed Ray Ten-PROVIDENCE—Named John M. Market PROVIDENCE—Named John M. Market

atta aihletic director. ST. LOUIS - Named Frank Marmina base-VILLANOVA-Named Steve Lappes essis-

FRENCH FIRST OF Montpellier 2, Monaco 1 Lens 1, Bordsoux 8 Porte-5G 8, Brest 8 Toulouse 1, Mort 8-Nontes 1, Morto RC Paris 1 Nice 2, Sainl-Ellenne 3 Metz 2, Lavel 1 Auxerre 3, Lille 1 Marsellie 1, Toulon 1

Poist Steadless: Bayers Munich, Werder Bremen, Barussia Mönchengladooch 4; Nu-Bremen. Borussia Mönchenglodoch 4: Nu-remberg. Cologne, Barer Leverkusen, Stutt-gert 3; Hannever, Bochum, Waldhol Moun-helm, Hamburg 2; Kalserslautern, Hambors.

Touton, Morra RC Paris, Auxerre, Mice. Connes, Nordes, Saint-Ellenne 4; Loval, Le Havre, Marsettie, Lens, Niert 3; Srest 2.

FRENCH FIRST DIVISION

## Tennis

MEN'S TOURNAMENTS 151.39 kph (95.314 mph).

Querterfinals

Miloslav Mecir (II, Crechoslovakia, def.
Ronold Agener, Holit, 64, 64.
Dorren Cohill, Australia, def. Rickl Ceterfinat, West Germany, 63, 1-6, 7-5.
Emilio Sanchez (21, Spain, def. Poblio Ar-Emilio Soncrez (4) seemony, dei. Guil-lormo Perce Roldon (4), Argentino, 1-4, 6-2, 6-4.

- Samiffacts Mecir det. Coniii, 61, 62 Sonchez del. Melnecke, 42, 42. Sanchez dal, Medir, 64, 61, 46, 61

Quarterfinals Andre Agassi, U.S., del. Joey Rive, U.S., 4-4, John McEnroe (4), U.S., del. Brad Officert (4). U.S. 43. 42 Christo von Rensburg (15), South Africa. del, Danie Visser, South Airles, 4-2, 4-1.

## European Soccer

WEST GERMAN FIRST DIVISION Idhof Manchelm 1, Berussia Dorfmun gene 2, Kaiserlautern 1 burm 1, Eletrockt Franklort 6 rembers 6, Stuttport 6 . Mösnchensladbach 2, Bayer Uerdinge

Peint Steedings: Monoco, Sordegus, Tou-louse 6; Paris-SG 3: Lille, Montpeiller, Metz,

Auto Racing

NUNGARIAN GRAND PRIX (AT Bodoest) 1. Nelson Piquel, Brozif, Williams, I hour, 2. Ayrton Sennia, Brezill, Letus, 2:00:84,520

4. Thierry Boutsen, Belgium, Benetton, 1 5. Riccordo Potresa, Itoly, Brabham, 1 leo

L. Eddle, Cheever, U.S. Arrows, 2 loss 9, Philippe Sirelii, France, Tyrrell, 2 loss 16. Ivan Copelil, Italy, March. 2 laps DRIVER STANDINGS Z Ayrton Senno, Brozil, Lotus, 41

Alain Prost, France, McLaren, 30
5. Stelan Johansson, Sweden, McLaren, 19
6. Gerhard Berber, Austria, Ferrert, 9
7. Michele Albareta, Italy, Ferrert, 8
8. Saforu Nakajima, Jepen, Lefus, 6
9. Triterry Boulsen, Beiglum, Benetics, 5
10. Andrea de Casola, Tialy, Brothem; Eddie Cheever, U.S., Arrows; Jonethen Polmer, Britois, Tyrrell, and Philipps Streitl, France, Tyrrell. 14. Densk Worselck, Britain, Arrows, 1, and

# Hut-Hut: U.S. Football Rules at Wembley A year ago, in the first edition

WEMBLEY, England — In a National Football League exhibition game played on one of soccer's most-hallowed fields, running back Charles White stumbled into the end zone from four yards out with 28 seconds to play Sunday night and gave the Los Angeles Rams a 28-27 victory over the Denver Broncos.

The National Football League exhibition game, televised live in the United States, featured all the razzmatazz associated with a sport called gridiron football here.

There were hamburger stands and hot dog stands, steel bands and jazz bands; on sale were Tshirts and flags and hats. There were cheerleaders, popcorn, na-

Among the thousands of Americans in the crowd were Rick Olvers and his wife, who have lived in Britain for a year with their two children and could not wait to see their beloved Broncos, "We lived in Denver all our lives before coming here," said Judy Olvera. "This is something so special. The Broncos in Britain - I can't believe it."

A near-capacity erowd of 72,786 — some 11,000 more than came to Wembley Stadium on Satsoccer match - made England's national sports arena ring with cheers for a game with an intensity more like that of a playoff contest

The loudest boos of the ehilly, Overcast summer evening were re-

urday for an international all-star than a exhibition game.

of the NFL-promoted "American Bowl," spectators had chanted "boring, boring" toward the end of a 17-6 victory by the Chicago Bears over the Dallas Cowboys. This year, neither team left time for boredom.

served for the Colorado State University marching band when it struck up a halftime rendition of "Don't Cry For Me, Argentina." It may have been a hit in the musical "Evita," but it did not go down well with the fans in a country that fought Argentina in the Falkland Islands war.

On Saturday, Diego Maradona of Argentina, soccer's biggest

star, was booed each time he had the ball in the all-star game. But the stars got only cheers

And when the stars sat down, the second- and third-string players stepped up the tempo.

White took a swing pass 12 vards to the Denver nine as the third quarter ended, then ran through a huge bole off right tackle for his first score on the first play of the final period.

As the English fans did the wave" and yelled for the Rams' cheerleading squad, the Broncos stormed back, going 82 yards in 11 plays to reclaim the lead, 20-14, on Gary Kubiak's 13-yard pass to Mark Jackson in the midst of three Ram defenders.

# NFL Faces Big Questions Before Testing for AIDS

By Robert E. Stein

New York Times Service NEW YORK - A number of teams in the National Football the first positive test: League have announced plans for voluntary testing for the AIDS virus. The players generally think it is a good idea. But AIDS researchers. arguing that players are far more likely to die from a head injury than from AIDS contracted on the playing field, say that the testing will set AIDS education back to the

dark ages. Time out. Before the battle lines are drawn in yet another area of AIDS policy, we need to step back

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73-73-74-227

and ask important questions. Testing for acquired immune deficiency syndrome in football is but the latest in a series of similar calls for testing in the United States. But with Congress now bolding hearings on a variety of bills dealing with testing and the related issues of confidentiality and discrimination, the issue of AIDS testing among professional athletes has taken oo added importance. Given that the Washington Redskins attract more attention in the capital - even among members of Coogress - than do most congressional hearings, such testing is bound to get more recogni-

tion than other types. It is true that contact sports not only football, but hockey, soc. and many Americans play in the cer and boxing as well - result in Canadian Football League. spilled blood. It also is true that" improtected exchanges of blood bave in a few cases resulted in reason: It is. And, too often, policies bealth workers' developing the are enacted before the implications AIDS virus (called the human im. are thought through. If the issue is munodeliciency virus, or HIV). Since AIDS is a deadly disease, teams, it certainly will be raised concern about minimizing these soon by college and even high school teams, in addition to the many other

risks is appropriate. any testing policy should be to reduce the danger, however small, to players and training staff from contact with blood that is HIV-positive. That can be accomplished in large part through better infection control - wearing gloves to clean up bloody clothing, for example, or providing for more changes of I-

shirts if they get bloody. Where blood can be spilled, people in sports should assume, as hosnital workers and other medical and enforcement personnel are increasingly doing, that everyone is dangers of AIDS an HIV-positive. This will help stem is not transmitted? transmission of a number of infectious diseases, including hepatitis.

ative test means only that at least

six to eight weeks earlier the indi-

a team, like any other organization, should think through well ahead of How will confidentiality really be maintained? Certainly, a state-

ment by an official of the Dallas Cowboys that there had been no positive tests was a poor start. A policy would have to begin from the premise that no results would be released. Test results should not be part of the weekly injury report. What action does a team take when a player tests positive? Anti-

discrimination laws in many states prevent a team from firing a player solely for testing HIV-positive, unless it could be demonstrated that his condition makes him unfit for work. If he is fired, would that conflict with his right to confidentiality? · Could players refuse to practice or play with a teammate whom management knows is HIV-posi-

opposing team have tested negative before a game or scrimmage? Some countries require negative tests for visitors. What if Canada or the United States refused work permits to nationals of the other country unless they tested negative? Hockey and baseball leagues have

tive? And: Could a team require

assurance that all members of the

teams on both sides of the border, If these considerations make the issue sound complicated, there is a being considered today by pro

Therefore, the primary sim of areas being considered by Congress. Well known athletes have died of selves tested. That is different from team policy.

Testing is drawing athletes into thinking about AIDS policy issues. Given that, and their status as role models for many people, they have a chance to set an example that goes beyood testing themselves. Why don't pro athletes do public service ads with their teammates or families, advising teen-agers on the dangers of AIDS and how it is and

If testing of pro athletes awakens Congress and the public to the implications of AIDS testing, then the Will voluntary testing really reidea can have some merit after all. duce that risk further? A single neg-

Robert Stein is president of Environmental Mediation International, a vidual did not have the AIDS anti- group advising business and govern-

# **SPORTS BRIEFS**

#### Piquet Wins 2d Straight Grand Prix present some thorny questions that

BUDAPEST (UPI) - Brazilian Nelson Piquet benefited from teammate Nigel Mansell's misfortune to win the Hungarian Grand Prix Sundayand strengthen his lead in the Formula One driver championship

Mansell of Britain, starting from the pole position, led for 70 of the 76 laps in his Williams. But he was forced to withdraw because of a lost-rear wheel nut while bolding a 13-second lead, and Piquet moved to the front to score his second consecutive Grand Prix victory. He won the West German Grand Prix two weeks ago, also thanks to late retirements.

Piquet completed the 189.5 mile (305.06-kilometer) race in 1 hour, 59 minutes, 26.793 seconds — an average of 95.314 mph. Ayrton Senna of Brazil, finished second in a Lotus nearly 40 seconds behind, and defending world champion Alain Prost of France was third in a McLaren. Piquet, seeking his third championship, has 48 points after nine of the

# season's 16 races. Senna is second with 41. Mansell and Prost are tied for

Bulgarian Woman Sets Hurdles Mark DRAMA, Greece (UPI) — Ginka Zagorcheva of Bulgaria set a world record in the women's 100-meter hurdles by clocking 12.25 seconds at a track and field meet among Greece, Bulgaria and Czechoslovakia here

The previous mark of 12.26 had heen set by Bulgarian Yordanka Donkova last September.

## Rojas Takes WBC Crown From Laciar

MIAMI (UPI) - Sugar Baby Rojas of Colombia took the World

Boxing Council junior bantamweight title from Argentine Santos Laciar here Saturday night with a unanimous 12-round decision.

Rojas, 30-1 lifetime, opened a cut over Laciar's left eye in the first round; both men were cut in the 10th, when Laciar was knocked down twice. Laciar, who dropped to 65-7-11, had won the fitte from Gilberto Roman of Mexico in May

## Java Gold Overtakes Gulch in Whitney

SARATOGA SPRINGS, New York (AP) - Java Gold, ridden by Pat Day, bear Guich by three-quarters of a length Saturday to become the first 3-year-old since Alydar in 1978 to win the \$288,500 Whitney

Handicap at Saratoga Race Course.

Gulch, who raced as an entry in the wagering with Gorky, appeared to be an easy winner in midstretch, but was caught by Java Gold's late rush. Gulch finished 24 lengths ahead of favored Broad Brush; the order of finish was completed by Gone West, Lac Ouimet, Seldom Seen Sue and

The victory was the fourth in five starts this year for the Rokeby Stable colt, a son of Key to the Mint-Javamine. He carried 113 pounds (51.2 kilograms) over the fast 14-mile (1.810-meter) course in 1:48-4/5. Trainer MacKenzie Miller said Java Gold would run in the Travers Stakes on

Appeals Court Gives McLain Reprieve ATLANTA (AP) - A three-judge federal appeals court has unanimously thrown out the racketeering conviction of Denny McLain, base-

ball's last 30-game winner. McLain was sentenced in March 1985 to serve 23 years for racketeering, extortion, conspiracy and possession of cocaine with intent to distribute.

attorneys and unfairly allowed prosecutors to question the integrity of defense counsel. McLain's attorney said he would request that bail be set on Monday. The U.S. attorney's office in Tampa said it will review the ruling before

The 11th Circuit Court of Appeals threw out those convictions late Friday, ruling that Judge Elizabeth Kovachevich had rushed defense

deciding whether to appeal or seek a new trial. McLain's best year in the majors was 1968, when he was 31-6 with a 1.98 earned-run average for Detroit. He won the Cy Young award as the

body. And voluntary testing can ment on AIDS-related policy issues.) American League's top pitcher and the Tigers won the World Series. 

# Dutch Family Life on a Rhine Barge

ABOARD THE LEONTINE export to South America.

The only constant is the daughters play of his feet as he maneuvers the barge and its 3.000-ton load of Brazilian iron this route in my sleep," said Willy be not a third to barge, and the river.

"I sometimes think I could do his route in my sleep," said Willy be not a third to barge, and the river.

In the living quarters below, Ginny Kreusch, 29, makes the beds and clears away the laundry before joining her husband and daughters in the small, glass-enclosed captain's bridge for lunch.

Breakfast, lunch or dinner, the young Dutch family can be found on the bridge, keeping the Leon-separated from his family. time steadily on course for West

"On shore, family life revolves around the living room." Willy Kreusch, 30, says, his eyes never leaving the river. "Our life takes place around the ship's controls."

and Claudia, the 2,000-ton Leontine is a year-round office, house and playground. And like the thousands of other Dutch ships that dominate commercial traffic on the Rhine river, the barge has all the touches of home. There are lace curtains and potted plants at the windows. A swing set for the children is perched behind the bridge, and tricycles and other toys litter the oversized, outdoor playpen where the girls amuse themselves as the barge chugs up-stream at a speed of 12 kilometers [7.5 miles] an hour.

At the front of the barge, small bachelors' quarters provide hous-

family and crew. It is also a cru- not grow up isolated. cial link between the economic heartland of western Europe and overseas markets.

are the main means of carrying raw materials from Rotterdam to playing outside on your own like the chemical plants, power stations and steel mills that line the Rhine

U.S. soybeans up the Rhine to a terdam, where the cargo is trans- ly Kreusch said.

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By Ronald van de Krol ferred to an oceangoing vessel for The only constant is the barge,

ore around a wide bend in the Kreusch, a third-generation barge operator who, like his wife, grew up aboard a Rhine barge. "I'm like a commuter who knows every traffic light between home and the office by heart."

But unlike the average office worker - or even the average West German or Swiss barge captain - Willy Kreusch is never

While the presence of families aboard West German and Swiss barges has become relatively rare around the kitchen or maybe over the years, Dutch barge families continue to flourish, helped by an extensive range of government and private services.

"Some women move on shore To Willy and Ginny Kreusch when their children start school, and the two 3-year-olds, Carola and they then only see their husbands once or twice a month."

Mrs. Kreusch said. "But in many cases, the arrangement just doesn't work and they end up coming back on board." When the twins turn 6, they will

leave the barge and move to one of 26 special boarding houses for shippers' children that have been set up in and around the Netherlands' main port cities. Along with the nearly 3,000 other Dutch "barge children,"

they will attend school during the week and then rejoin their parents for the weekend somewhere along the Rhine.

The Kreuschs, who left their ing for the Kreuschs' two crew-men. parents' barges for boarding schools as young children, said But the barge is not only a schooling on shore was essential floating home for the Kreusch to ensure that their daughters do

"We try to go to a playground whenever we're moored somewhere so that they can learn to get Dutch barges like the Leontine along with other kids," said Mrs. Kreusch. "But it's not the same as other children.\*

The relative isolation of "barge children" is apparent when they One week, the Kreuschs take start school. "In their first year, they tend to get all the common West German mixed-feed pro-childhood diseases, one after the cesser. The next, they bring slabs other, because they just haven't of West German steel or tons of built up the same resistance to Swiss plastic downstream to Rot- illness that other kids have," Wil-

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The Kreuschs on their barge, the Leoutine.

The Kreuschs had the Leontine

Kreuschs bought a 70-meter (230-

foot) push-barge which they've

attached to the front of the 90-

meter-long Leontine to increase their shipping and earning capaci-

Kreusch said he earns a decent

living from the barge but needs to work long hours to keep the Leon-

tine in motion as much as possi-

ble: "When you're an indepen-dent, you can't afford to let the

barge lie idle." In a good year, a

barge of the Leontine's size can

post a turnover of 700,000 guil-

- which they spent on the Mo-selle River in West Germany -

the Kreuschs have never had a

proper vacation. But next month

they intend to take a week-long

hreak in a rented cottage in south-

ern Holland. "Living in a house

and having friends to play with

will be a real treat for the girls,"

said Mrs. Kreusch.

Apart from their honeymoon

ders (about \$330,000).

Modern communications have helped break down the isolation that used to be the lot of barge families. Ship-to-shore radio now keeps them in touch with family and friends, while television and video-recorders bring popular

Many barge operators now also carry a small car on board so they can tour West Germany or Switzerland while the family is awaiting fresh cargo. But there are still daily inconveniences. "It's frustrating not knowing whether you'll be back

culture into their living quarters.

in Rotterdam in time for a doctor's appointment for the children that you made three months earli-Mrs. Kreusch said. In the West German city of Duisburg - the Kreuschs' desti-

nation on this trip —an enterpris-ing doctor has started a special clinic to serve barge operators and their families. Moving from barge to barge by hoat, the West German doctor, who has taught himself to speak Dutch, inoculates the children, does routine examinations and

handles non-emergency cases. Back in Rotterdam, a floating meeting-house called the "Zwarte Zwaan (Black Swan) provides kindergarten classes, a library, laundry, restaurant and other fa-

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cilities for nomadic Dutch barge dent captains like Willy Kreusch. operators and their families. built at a cost of three million For the Kreuschs, the day's guilders when they were married in 1981. Two years ago the

journey began at 6 A.M. in Rot-terdam and will end at about 8 P.M. near the West German border. At dawn, they will continue their trip to Duisburg, traload the cargo and wait for their shipping agents to find a load of gravel, coal or steel for them to take back to the Netherlands.

On average, the Kreuschs are on the move 14 hours per day, three days a week. The rest of the time is spent waiting for a new cargo or doing maintenance work on the Leontine.

The family specializes in transporting goods on the lower Rhine between Rotterdam and the Ruhr, the busiest stretch of the river. About 200,000 ship-crossings are recorded at the Dutch-

German border every year.
Of the more than 10,000 freight ships that ply the inland water-ways of Western Europe, 6,000 are Dutch. Dutch barges carry 95 million tons of freight to Belgium, France, West Germany and Switzerland every year, accounting for half of all cross-border shipping volume within western Europe. Of the Dutch ships, 5,000 are

Ronald van de Krol is a journalowned and operated by indepen- ist based in The Netherlands.

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### LANGUAGE

# Head Over Googols in Zero Options

By Alan W. Powers

HE U.S. budget and the national debt are both I getting higher than most of us can count. Rather than appear to be baffled by what is after a trillion. Congress wants to reduce the numbers. But just in case it does not succeed, we had better all gain a passing familiarity with macronumeration.

Anybody looking for a basic vocabulary for large numbers had better have a sense of humor. Ask friends what lies above a trillion. A zillion? they say. A skillion? But even if you ask a dictionary, what you

find will not be comforting.

Take, for instance, the term that has recently made headlines: trillion. To define it, even the American Heritage Dictionary of the English Language resorts to a non sequitur:

trillion: 1. The cardinal number represented by followed by 12 zeros, usually written 1012. Called in

British usage "billion."

So the British call a trillion a billion. They call the U.S. billion a thousand million. Of course, an attempt to define the word more explicitly can result in 2 tangle such as the one found in the Random House

Dictionary of the English Language: trillion: I. a cardinal number represented, in the U.S. and France, by one followed by 12 zeros, and, in Great Britain and Germany, by one followed by 18 zeros. This international discrepancy provides an open

invitation for political exploitation, and I stand frank-ly amazed that the U.S. administration has not used it to its advantage. What could be simpler than an international conference on computing large num-bers? The American delegates would come home and bers? The American delegates would come nome and inform the president that there is good news: The U.S. national debt is fine, the budget is fine. Neither has surpassed a trillion, although both have just now reached a billion. We were just counting wrong all along. It is in keeping with such brilliant recomputings as the 1983 adjustment in the U.S. national employment figures to include the military.

Until such an opportune conference, the United States and France agree that a thousand millions are enough for a billion; the British and Germans wait for a million millions. For a trillion, the United States likes a thousand billions (U.S), while the British again wait until a billion U.S. billions accumulate. This natural caution serves them well. They are not in danger of running out of names for the dollars in the U.S. budgets. Wasn't it Senator Dirksen who said, "A billion here, a billion there, and pretty soon you're talking real money"? We can paraphrase this: A billion here, a billion there, and pretty soon we're talking a real British billion.

I ETURNING to the question with which we began, what does come after a trillion? The correct answer is a "quadrillion." By now we are able to define it ourselves: a cardinal number represented by 1 with 15 zeros in France and United States, 1 with 24 zeros in Britam and Germany. After quadrillion come quintillion, sextillion, septillion, octillion—and nonillion, which has 30 zeros in the United States and France, and no less than 54 zeros in Britain and Germany.

Perhaps it was partly this international discrepancy that led the American mathematician Edward Kasner to coin the term "googol" for 10100, or 1 followed by on vacation.)

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100 zeros. His was "farciful coinage." according to the

Random House Dictionary.

Not only should we standardize the terms for large oumbers, but we should also agree, in the United oumbers, but we should also agree, in the United States anyway, on the terminology for the numbers between a nonlilion and a googol. The real names are obscure at best, if not downight impossible. (How if does quantified the state of the stat

Why not use the natural answer, the one already on does quattuordecillion strike you?) the lips of many native speakers: a "zillion." Then, maybe we can borrow the French teen numbers for 14 on: onzillion, douzillion, treizillion, quaterzillion, and so on. With this French array, we can perhaps could the grains of sand on the East Coast, the stars in the favorite sales and on the East Coast, the stars in the favorite sales and on the East Coast, the stars in the favorite sales and on the East Coast, the stars in the favorite sales are the sales and the East Coast, the stars in the favorite sales are the sales are the sales and the sales are the sales favorite galaxy and the U.S. budget for fiscal 2087.

PROBLEMS of scale pervade modern life, from parts-per-million in pollution measurement to popular tions of gypsy moths, from the space between sub-atomic particles to the size of the supernova in the constellation Contact constellation Cepheus.

For most of us, it is difficult to conceive of anything beyond a hundred thousand, or if we really concentrate, a million. A million seems to be our 20th-century standard for bigness: a million miles, a million light-years, and of course the old standby, a millionaire. We have not replaced this last one yet, although a millionaire now is arguably in need of a very strict budges. Still, a billionaire does not have the same universal application, parily because in Britain a billionain must have the entire U.S. budget. No one does; there are no British billionaires.

A million is a lot, it is mega, at least according to the way the Massachusetts lottery defines its million-dollar prize — "Megabucks." But for the Greeks, with whom we lift the prefix, mega evidently had no specific numerical meaning. They used it to mean "great or large," as in megalodendros, full of large trees. Sometimes it held the connotation of "exaggerated," as in megaligoros, talking big, vaunting or boastful.

In most of contemporary American usage, mega has the same vague suggestiveness, the same indeterminacy it held for the Athenians.

Within this decade, we have seen a Greco-Roman competition for the language of large scale: "to the max," from the Latin "most large," versus mega. Max has achieved widespread usage in advertising—"maripads" and even the oxymoronic "maxithins"; however, mega, as in "megablockbuster," is preferred by the

Although mega is as vague for us as for the ancient Greeks, it carries the suggestion of precision, perhaps because it has the ring of authority: a "megaton." bomb, or a "megadose" of some pharmaceutical. This may be the perfect combination of precision and suggestive indeterminacy that we need in our new macronumerals. A simple "megazillion" can mark our new borders of the known. How big is megazillion? Well, it's what a googolaire would claim if he were boasting, or a maximillion would budget if he were elected to Congress.

Alan W. Powers, who teaches English at Bristol Community College in Fall River, Massachusetts, wrote this column for The New York Times. William Safire is

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